

# **IMPLEMENTING COMMUNITY RENEWABLES:**

## ***INSTITUTIONAL WORK IN SOUTH AFRICA'S RENEWABLE ENERGY PROCUREMENT PROGRAMME***



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## Abstract

In 2014, for the first time in its history, South Africa fed the national electricity grid with electricity generated through utility-scale renewable energy projects. The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is the policy instrument driving this change. The process requires bidding private energy companies to commit resources in alleviation of local socio-economic needs. While government and industry bodies are already celebrating the programme as a success for its energy and development achievements, the project stakeholders on the ground are still grappling with how to implement the required community benefits.

This thesis analyses the question how the institutions evolve in the implementation of community benefit requirements. The theoretical frameworks of institutional work and logics helps to analyse this new organizational field and interaction of various actors in government, industries and communities. An action research approach grounds this research empirically and aims to create the opportunity for actors to reflect on their actions and engagement in the community benefit implementation process. The research asks how are government, companies and communities shaping institutions in the implementation of the community benefit requirements in South Africa's REIPPPP?

A new organizational field emerges from the socio-economic development criteria in the renewable energy program. A range of institutional work forms competing logics of the three key actors, the state, business and communities. Facilitated dialogical surfacing of experiences and practices could increase the system's reflexivity. Community renewables, in the form they are implemented in South Africa, provide rich learning material for policy makers, industry and civil society as the specific set of community benefit obligations provides opportunity for all actors involved to build relationships that positively impact inequality and poverty related challenges in the country.

The study first analyses the procurement requirements for community benefit and ownership, then, secondly, reviews the first 64 approved project bids for suggestions made in response to these requirements. A third research step involves fieldwork in 13 wind and solar projects across the country, the fieldwork consisting of interviews with project stakeholders about their experiences. The research negotiates access to an emerging and competitive, but also enquiring industry, one that has shared with the researcher important insights into its evolving community engagement and its development practices and considerations.

The findings reveal that, in the implementation of South Africa's community renewables, government and companies dominate institutional work efforts in the stages of policy formulation and project development. Driven by their respective logics, creating, maintaining and disrupting institutions comes naturally to them. But communities, the least informed and capacitated actor among the three, face the results and they have particular ways of responding, including corrective and disruptive ways. Reflective spaces are dominated by industry and strategically exclude communities from both asserting their experiences as well as from the opportunity to participate in creating collective understanding and agreeable processes that would foster the long-term relationship between company and community. This is a shortcoming that requires urgent attention to ensure developmental benefits.

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## **Publications**

I would also like to express thanks to my colleagues Sue Soal and Dr Peter Westoby as well as to WWF South Africa for collaborating with me in publishing some of the emerging findings of this research. Together with my colleagues, we submitted an academic paper to the WindAc conference in 2016 and subsequently to the Journal of Energy in Southern Africa for publication<sup>1</sup>. The paper was accepted for publication and is currently being processed by the journal. WWF SA commissioned me to report on my emerging research findings in a publication that was published in 2015.<sup>2</sup>

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<sup>1</sup> Reference: Wlokas, HL & Westoby, P & Soal, S (2017). Spreading the profit, but not (yet) the love – Community renewables in South Africa. Journal of Energy in Southern Africa, *(forthcoming)*.

<sup>2</sup> Reference: Wlokas, HL (2015). *A review of the local community development requirements in South Africa's renewable procurement programme*. Cape Town, South Africa: WWF SA.

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## Acronyms

ABCD	Asset Based Community Development
AR	Action Research
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BBBEE	Broad-Based Black Economic Empowerment
CDRA	Community Development Resource Association
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DBSA	Development Bank of Southern Africa
DITR	Department of Industry Tourism and Resources
DOE	Department of Energy
DTI	Department of Trade and Industry
ED	Economic Development
EPWP	Extended Public Works Programme
ERC	Energy Research Centre
FDI	Foreign Direct Investment
GEAR	Growth, Employment and Redistribution
IDASA	Institute for Democratic Alternatives in South Africa
IDC	Industrial Development Cooperation
IIED	International Institute for Environment and Development
IPP	Independent Power Producer
LO	Local ownership
MW	Mega Watt
NDG	National Development Goal
NDP	National Development Plan
NGO	Non-governmental organisation

PAIA	Public Access to information Act
PIW	Positive Institutional Work
PR	Public relations
RDP	Reconstruction and Development Programme
RE	Renewable energy
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
REN	Renewable Energy Policy Network
RFP	Request for Proposals
SAIREC	South African International Renewable Energy Conference
SANBI	South African National Biodiversity Institute
SAPVIA	South African Photo Voltaic Industry Association
SAWEA	South African Wind Energy Association
SED	Socio economic development
SLA	Sustainable Livelihoods Approach
UCT	University of Cape Town
UK	United Kingdom
UN	United Nations
US	United States
WWEA	World Wind Energy Association
WWF	World Wide Fund for Nature

## 1. INTRODUCTION

In 2014, for the first time in its history, South Africa fed the national electricity grid with electricity generated through utility-scale renewable energy projects. The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is the policy instrument driving this change. The process requires bidding private energy companies to commit resources in alleviation of local socio-economic needs. While government and industry bodies are already celebrating the programme as a success for its energy and development achievements, the project stakeholders on the ground are still grappling with how to implement the required community benefits.

### 1.1 Research motivation

Renewable energy companies engaged the research team in which I worked with the question of how to create community benefits. At that time, in 2011, I was a member of the academic staff at the University of Cape Town's Energy Research Centre. The energy companies presented us with significant financial commitments towards community development. These commitments made us stop and wonder, how will these funds influence the South African landscape and in particular influence the communities that are the intended beneficiaries?

Wishing to explore this question, I resigned from my academic position and spent three years with and amongst the stakeholders of the emerging renewable energy industry. This thesis is one result of this period of researching and learning. The biggest lesson, and the core argument of this study is that the renewables industry that has been participating in government's renewables procurement programme committed significant resources to community development. In so doing, the industry demonstrated that such commitment has immense potential to support the alleviation of poverty and inequality in South Africa. However, realising this potential requires government, the private sector, civil society, and, in particular, the involved and affected local communities, to engage one another with respect and with an interest in learning from one another.

Currently, the government requires companies to create benefits for communities without either providing guidance or supporting the capacity required to ensure that the financial commitments invested will contribute towards the country's development agenda and goals (DoE 2011). The Department of Energy did not position the stipulated community benefits within community development traditions or frameworks, nor did it identify synergies with on-going government efforts to eradicate poverty. Therefore, energy companies determine the impact of the investments and the degree of participation and collaboration of other stakeholders in the planning and implementation of community benefits. Neither communities nor local government

currently formally participate in processes related to the local economic development decision-making. Participation in process has, however, proved, in Europe, to be more important than the actual development interventions of renewable energy projects. Given the prevailing poverty and levels of inequality in South Africa as well as in other emerging renewables economies globally, particular attention to the inclusion and surfacing of experiences and perspectives of all of the multiple stakeholders is needed to ensure the creation of lasting and positive institutions around these benefits. This is critical to manage the socio-political risk of place-based investments like large-scale renewable energy projects and to position renewable energy as well as civil society as implementation agents of sustainable development.

## **1.2 Questions and methods**

Grounded theory and action research guide this research. The mainly qualitative exploration of institutional work comprises of three research steps. Each of these steps sheds further light on the answer to the research questions. The overarching research question is: How are government, companies and communities shaping institutions in the implementation of the community benefit requirements in South Africa's REIPPPP? Three sub-questions enquire further: How do the different logics inform the institutional work performed by the actors? How do the different institutional logics define the views that actors hold on community renewables? How do symbolic and experimental legitimacy interact?

The research is operationalized in three steps. The first step is a review of the procurement documents and requirements and its content that stipulates community benefits and relations work. Secondly, the research analyses the content of the REIPPPP procurement documents, which includes a quantitative analysis of the committed financial resources in respect of the community benefit requirements as well as an investigation of the bids that companies submitted to government. The third research step collects qualitative information about performed institutional work efforts; the information is obtained in interviews with stakeholders in selected case study projects across the country. Additionally, workshop reports provide insights into openly discussed topics.

## **1.3 Research contribution**

This research extends existing knowledge on community renewables in South Africa, the literature on institutional work and logic as well as experiential surfacing, and company-community relations and development practices employed and emerging in South Africa's procurement programme for renewable energy.

1. Research is lacking on community benefits and engagements associated with utility-scale renewable energy projects in developing country contexts. Further, few academic publications address the renewable energy roll-out in South Africa, which is unusual due to its community obligations.
2. This thesis is contributing to the literature on institutional work and institutional logics by exploring the meaning of these concepts in conjunction with experiential surfacing and action research. Thus the thesis provides an explanation for how key stakeholders shape institutions in the implementation of community renewables in South Africa.

The research contributes further through exploring, documenting and explaining the emerging company-community relations and development practices employed by wind and solar independent power producers in South Africa. The procurement programme driving the renewables rollout limits research and public engagement through a culture of confidentiality and competitiveness. This academic study is the first systematic enquiry into the practices and associated challenges of its key stakeholders. Although limited to a dozen (anonymous) case studies, this research provides valuable lessons for the emerging industry and a foundation for future research into the subject.

#### **1.4 Empirical case**

South Africa is currently implementing one of the largest renewable energy procurement programmes globally. The South African Department of Energy launched the Renewable Energy Independent Power Producer Procurement (REIPPP) programme in August 2011. By April 2015, the Department of Energy had allocated over 5 243 Mega Watt (MW) of electricity generation capacity in four procurement rounds. Project developers can choose to propose electricity generation using wind, solar, biomass or hydro technologies. The initial MW allocation has been preceded by the projects approved in the third round, while further generation capacity was added to the programme by the procuring Department of Energy. The procurement programme is not only said to have the influence to potentially stimulate a new phase of industrial development for South Africa and to reduce greenhouse gas emissions by providing clean energy to the coal-dominated electricity grid, it also sets out to tackle economic development at the local level.

The economic development commitments of companies determine the outcomes of bids by 30%. The proposed price of electricity amounts to 70% of the bid evaluation, while 30% is allocated to various quantitative economic development criteria. These criteria are based on the Broad-Based Black Economic Empowerment (BBBEE) Act No. 53 of 2003 and amendments and they include

requirements in respect of job creation, local content, preferential procurement, ownership and management control, enterprise development as well as socio-economic development. Four of these elements (job creation, ownership, enterprise development and socio-economic development) stipulate specific commitments towards 'local communities', which are defined as settlements within 50 km of the renewable project site (Department of Energy 2011).

Developers are thus required, as part of their bid submission, to assess the needs of local communities and develop strategies to address these over the 20-year lifespan of the proposed renewable energy project using their prescribed financial development contributions. Government has been able to claim to be addressing climate change mitigation and development objectives in one policy by enabling the implementation of large-scale and pro-poor renewable energy. Compared to renewable energy policies in other developing countries and Europe, North America or Australia, the South African procurement programme stands out in its attempt to compel project developers in the private sector to engage with local residents and with development goals (World Wind Energy Association 2012; Harnmeijer et al. 2012). A cynical perspective on the required socio-economic spending could suggest that it was introduced in order to ensure public acceptance of the implemented wind, hydro and solar technologies. An even more negative perspective would highlight the fact that renewable energy is disadvantaged compared to other independent power producer procurement programmes which are fossil-fuel fed and do not require any social or local economic contribution. Of course, the investments are welcome and much needed in many of the identified local communities in South Africa, just as they would be in other developing countries.

Reducing poverty is a demanding task for renewable energy companies. Evidence is growing that the implementation of the economic development requirements is associated with a number of challenges. These include the lack of guidance for the engineering-dominated developer teams, especially regarding when and how to engage with communities around local economic development. The engineering project cycle is not naturally aligned with processes of human and social development, which require specific attention to prevent unintended consequences. The policy also lacks any enticements for companies to invest the community funds sustainably, while the geographic distribution of approved IPPs is unequal, with certain parts of the country receiving projects, and therefore funds. The artificial beneficiary boundary of a 50km radius around project sites and the lack of incentives to monitor and evaluate the impacts of spending are further causes for concern (Wlokas et al. 2012; Tait et al. 2013).

This research aims to generate an evidence base that will establish how REIPPPP-involved and affected companies, communities and government interact in the cause of the planning and implementation of community benefits. The research seeks answers to the question, what kinds of institutional work are these actors performing and why? The institutional theory lens leads the research to investigate and group the community development schemes that are currently under implementation amongst IPPs as well as to develop an analytical framework for a case study analysis of the efforts of project stakeholders to shape the institutional arrangements during the actual implementation of projects.

The introduction of the procurement programme stimulates the establishment of an industry that provides and services renewable energy technology. Private RE companies compete for power producer contracts with the state-owned electricity utility ESKOM and the national Department of Energy. Since economic development forms part of the project selection criteria, bidders also compete for the most attractive renewable energy project, from the point of view of community development.

The procurement programme is highly competitive and the tender documents and bids are not in the public domain. Project companies, constrained by confidentiality agreements with government and consortium partners, continue to be hesitant to share information or collaborate, even after projects are approved. Continuing competition for projects in future bidding rounds increases companies' hesitation to openly discuss how economic development commitments are met and implemented. The industry is trying to overcome these obstacles through working groups and cautious attempts at collaboration; but research, documentation and publication of the emerging company-community relations and the development practices of this young industry are urgently lacking.

## **1.5 Theoretical case**

Company-community relations and development research lacks evidence about the effective practices of companies that are engaging with local communities in countries around Africa. The most studied industry in this respect is mining, yet high levels of confidentiality hinder systematic research enquiries. The literature is limited to questions that advance corporate practice and profitability. Corporate social responsibility concerns company practice and affects a range of other stakeholders. Various academic disciplines attend to the study of corporate relations and development practice. Research pays particular attention to the extractives sector, which does not usually exclude the renewables industries.



This research investigates the institutional work of the various players involved. Institutional work refers to the efforts actors undertake to shape institutions, efforts that are socially agreed patterns or behaviours, enacted in a specific way. The renewable energy rollout creates a new organisational field in which actors create new institutions and both maintain and disrupt existing ones. Institutional theory seeks to deepen understanding of these institutional changes. The creation, maintenance and disruption of institutions is the focus of institutional work research, which many scholars challenge by asking for increased relevance and, concerning research, that it be through action research. Hence, this research draws on grounded theory principles and methods, while declaring an action research agenda and contributing empirical evidence about the kinds of institutional work performed by government, communities and companies, in the context of the implementation of the community benefit requirements in the REIPPPP. Grounded theory guides the iterative data-driven research process. Action research situates this thesis within the author's perspective of change, focusing on personal professional learning as well as the ambition to share this learning with relevant individuals and organisations, in particular companies, government and involved and affected communities, with the intent to enhance reflexivity through the surfacing of experiences.

## **1.6 Structure of the thesis**

This thesis is organised into nine chapters.

Chapter one introduced the thesis. Chapter two reviews literature on community renewables across the globe and in South Africa. It explains the specific context of the procurement programme studied. It also discusses the contribution to this study of knowledge about the relations between community development and corporate social responsibility as well as company-community relations. The chapter further explains the theoretical framework, which draws on institutional work, logics and experiential surfacing. Chapter three introduces the methodological considerations, the research design and methods employed. Chapter four, five and six present the research findings, organised according to the concepts of the theoretical framework. Chapter seven discusses the findings in both the empirical and theoretical context, and provides answers to the main research questions. Chapter eight concludes the thesis.

## 2. INSTITUTIONALISING COMMUNITY BENEFITS FROM RENEWABLE ENERGY IN SOUTH AFRICA

The developmental contribution of renewable energy projects to communities living in the local surroundings is a new field of research enquiry. Social scientists have only recently started studying the practices and models employed by renewable energy companies to create benefits for communities. Depending on the socio-political context, companies relate differently to local communities. This thesis argues that the alleviation of poverty and inequality through place-based investments like large-scale renewable energy projects requires government, private sector, civil society and, in particular, the involved and affected local communities, to find ways to meaningfully engage and collaborate. Important clues exist in various fields of research. Thus, this section reviews the relevant literature-starting with research that explores the fields of community development and corporate social responsibility as well as studies of community relations within the renewables industry, and continuing with a review of institutional theory literature. The study focusses in particular on institutional work and experiential surfacing, applying them as theoretical lenses. Finally, this chapter introduces the theoretical framework guiding this research.

### 2.1 Community renewables around the world and in South Africa

The concept of community renewables incorporates various terms and ideas: communities and the offering of community development through an intervention are here referred to as community renewables. The term community used in combination with renewable energy, as in community renewables, implies an understanding that some form of developmental contribution is exchanged, usually from a (renewable energy) company to a specific community of people. An international definition of community renewables (or rather community wind) exists, but also locally, in South Africa, when based in the context of national policy, a unique version emerges. The literature provides some insights into how the term evolved and what it entails, in policy and practice.

#### 2.1.1 Terminologies, communities and development

*"The community is what you make it to be at the intersection between politics, purpose and the future" (Sihlongonyane 2009).*

Communities do not just exist. Depending on the agenda and position of the defining person or organisation, including the relative position of power they hold, the definition of community varies. Essentially, a community comprises a group of people. From a historic perspective, the term community has grown from literature on colonial practices led by British writings, according to Strathern (1992) as cited by Kapelus (2002). Anthropological studies of so-called

'native societies' in the 1950s and 1960s, "describe communities as villages or traditional communities that share geographical location, identity and interests" (Sihlongonyane 2009). However, governments and international organisations such as the World Bank use the term community for "lobbying, sentimentalising, and legitimising" around funding, programmes and approaches. This is hugely problematic because "while each constructed identity may create a psychological base upon which to hinge development processes, the notion of a community is simply too static to cope with the flows of globalisation and individualisation" (Sihlongonyane 2009). There is too much diversity left unaccounted for. "For one, communities can be identified on the basis of any number of shared traits such as geographic territory, religion, culture, history, kinship, etc." (Kapelus 2002). The individual identity determining belonging to one or more specific communities can also change or be difficult to identify. People and groups can be excluded or purposefully included and representation abused (Kapelus 2002). The limits and structure of a community are therefore debatable, making community a vulnerable notion.

Colonial administration used the term community development when "promoting agriculture, health, and other social services through local self-help" interests (Sihlongonyane 2009). While some good can be associated with these early ideas about community development, (Sihlongonyane, 2009), there are clear negative consequences as well. Colonial powers saw community development as an appropriate separate development path for indigenous peoples, while the settlers would develop and grow the 'real economy' and by extension, the 'real' citizens. In South Africa, the apartheid government, for example, used communities and community development as organising principles to enforce its racist ideologies and policies.

Communities can also be defined, more abstractly, as linked to practices of hospitality and the collective: a community can be recognised by its possessing "a climate and culture of hospitality" (Westoby 2014). This is the description of a Derridean community (2001), which prefers community development practices focussed on friendship rather than intervention as well as the importance of the values of gifting and obligations to connect people within a group. Communities are also signified through a collective practice. That is when collective social change processes are present. "For me, community, emergent through people's effort to dialogue (accounting for differences) and extending hospitality (to others), becomes the platform for collective social change efforts" (Westoby 2014).

Historically, the lead-actor of community development has changed. Communities, for a while, replaced government, while more recently it appears that it is corporations that grow stronger stakes in community development." (Sihlongonyane 2009). 'Corporate social responsibility' could

be the term of the 2000s, with 'community renewables' possibly a common feature of energy infrastructure developments in the 2010s. According to Burket and Bedi (2007, cited in Westoby, 2014) there are various traditions of community development in the post-colonial world, stretching from development practice to service-oriented development.

Community development (...) [is often] discussed as a method through which people are co-opted to become part of a blue print, designed by strangers with their own agenda: from the benevolent individual or non-governmental organisations (NGOs) wanting to help the poor or marginalised people, to corporate social investment (CSI) using it to meet official criteria and disburse money, its executives are obliged to contribute to 'development' (nowadays increasingly for community development). And, disturbingly, it is also used by government as a way to co-opt people into their programmes, or as currently in South Africa, to use community development to improve service delivery to 'clients', the communities (De Beer (2014) as cited in (Westoby 2014)).

Reading about development in South Africa, one has to consider a variety of literature. Common to most texts is the problematic relationship with the term 'development'. While being aware of the "devastating history and practices of development", Westoby (2014) suggests a qualitative and process-orientated understanding of development. "Development can be understood as a metaphor signifying a qualitative change" according to Kaplan (1996, 2002) and Escobar (2010) as cited in (Westoby 2014). Such understanding "can be contrasted with the quantitatively – oriented metaphor of growth still underpinning most practice and mindsets" (Westoby 2014). Development is also and foremost a "qualitative change that focuses on people-centred processes rather than growth-centred outcomes, albeit the complex way that both processes interact with one another without our complex capitalist economies is an open question" (Westoby 2014). Finally, Westoby envisions "an alternative pluralistic vision for development whereby people collectively, associatively, cooperatively and individually can have control over decisions that impact on their lives, thereby determining their own futures" (Westoby 2014).

### ***The term 'communities' in the renewables industry***

Across the world, large-scale renewable energy projects have to engage with local governments, civil society groups and local residents in response to place-specific social conditions. The demands differ between countries due to environmental and social needs and corresponding policies (Harnmeijer et al. 2012). Unlike the extractives industry, renewables companies do not mine the ground or negatively affect the local air quality (beyond possible temporary effects during construction). Instead, they make use of land to implement technology that uses wind and solar radiation, or water flow to generate electricity. Effects that do occur and that cause concern

include the visual impact on the landscape, noise pollution through rotating wind blades (in the case of wind energy technology) and the effects on the local environment and economy during construction of the projects. Local residents challenge the roll-out of renewable energy, in the cases of particular wind farms, on the basis of these effects and companies commonly offer benefits to the local communities in response (Van der Horst, 2014).

In this context, the definition of community potentially extends beyond a geographical definition and the type of benefit created can determine who is addressed as community. A Scottish organisation working as an intermediary between communities and wind companies, refers in their work to Streeck and Schmitter's (1985) definition of communities as "A group of people that enjoys co-ordination and allocation through spontaneous solidarity". The organisation considers groups as communities of place as well as communities with a common interest. Geographic location is less important in the latter while economic interest is the factor of enjoyment when coordinating and allocating solidarity (Harnmeijer 2013). A similar understanding of community is behind the term 'community power'.

The World Wind Energy Association (WWEA) is an international not-for profit organisation, dedicated to the promotion of wind energy deployment. In 2011, WWEA established an international working group around the issue of Community Power. The working group, as one of its first and so far only actions, decided that real community power projects have to fit at least two out of these three criteria.

"1. Local stakeholders own the majority or all of a project: A local individual or a group of local stakeholders, whether they are farmers, cooperatives, independent power producers, financial institutions, municipalities, schools, etc., own, immediately or eventually, the majority share or all of a project.

2. Voting control rests with the community-based organisation: The community-based organisation, made up of local stakeholders, has the majority of the voting rights concerning the decisions taken on the project.

3. The majority of social and economic benefits are distributed locally: The major part or all of the social and economic benefits are returned to the local community" (World Wind Energy Association 2011).

With this definition the association signals its hopes to increase awareness and enhance policy in support of a "more democratic energy supply structure" (World Wind Energy Association 2011). In the following year, the association hosted its annual congress under the theme "Community Power- Citizen Power". During the congress engineers, business people and community relations and development practitioners from different countries discussed the various policies and projects underway.

The association's quarterly bulletin featured an article on experiences exchanged at the congress. The authors of that article report that in Mexico the renewable energy developing Yansa group has partnered with communities in developing community-controlled wind farms. Yansa is supported by the Secretary of Energy in Mexico, but appears to be fighting the utility's negative perceptions about the idea of communities owning and operating a power generation project of significant size. In Panama, anecdotes indicate that hydro power plant operators compensate local residents with cash for damages to land. This leads to nomadic groups moving from power plant to power plant, claiming compensation for land on which they reside only temporarily. Companies have called on government to mediate. It turns out that some of the nomads had developed a dependency on the compensation payments. Colombian hydropower projects had similar experiences. Projects attract economically challenged households that are hoping to benefit (World Wind Energy Association 2012; Harnmeijer et al. 2012).

By the end of the 2012 congress, delegates had compiled a list of research needs. They pronounced that there is a priority need for in-depth research into policies and practices related to community ownership and benefit associated with large-scale renewable energy projects. REN 21's analysis of community renewable energy initiatives also concludes that in order for the industry and civil society to realise the potential these initiatives carry, additional capacity and expertise, as well as enabling policies are required (REN 21 2016).

In 2016, WWEA is investigating whether implemented wind projects in Mexico and South Africa fit their proclaimed definition of community power. The short answer for South Africa is no. Voting rights are not guaranteed, majority shareholding does not exist; local benefits are distributed (however, not the major share of the benefits, but generally only the required investment value). South Africa is establishing its own version of community renewables. Its achievements and lessons remain undocumented and under-researched, and are thus fairly inaccessible for the public.

Hence, the WWEA-identified research needs remain valid, in particular for contexts with high inequality and poverty levels as high as those in South Africa. Further, despite the fact that the issues faced in Mexico, Panama or Colombia are not new to practitioners experienced in community relations and development in the context of big business and, in particular, in the extractives industry, little has been published in the academic literature to date, about the emerging practices that the young renewables industry is establishing across the world.

In the light of this, the next section will outline analyses that have been undertaken in other contexts and that could inform this research.

### 2.1.2 Social science: Studying community renewables in Europe

Across the globe, while countries with high levels of poverty and inequality are installing renewables, almost no research exists on them, and what there is has been dominated by European studies. Onshore wind power capacity is currently still largest in the US and China. The majority of new projects, however, are being implemented in China (over 50% of newly added capacity) and other emerging markets, including Brazil, South Africa and Turkey (REN 21 2016). Photovoltaic capacity (PV) is greatest in China and Germany, but already, since 2015, some of the fastest growing PV markets have included African countries and the Middle East. The biggest concentrated solar capacity is currently installed in the US and Spain, with large-scale projects under construction in various developing countries, including Morocco, Chile, Mexico and South Africa. Once the current construction processes in Morocco and South Africa are finalised, both countries will overtake the US in terms of new capacity added to the market (REN 21 2016). With India, China, Brazil, South Africa and Morocco amongst the leading renewable energy countries in terms of newly installed energy projects, it is surprising that more academic attention is not being paid to the company-community relations and development practices involved in these projects.

The topic is, however, of interest to academics in Europe. This is demonstrated by the growing number of research publications concerning community issues associated with renewables projects in Germany, the UK and Scotland, Denmark, Netherlands, Austria and Spain.

Germany and Denmark lead the list of countries that assign active roles to local residents and communities<sup>3</sup> in their large-scale renewable energy rollouts. Local residents thus find support to initiate and partially own energy projects through financial and policy mechanisms (Harnmeijer et al. 2012; REN 21 2016). Slee (2015), for example, provides an overview of policies that support community engagement in energy projects in Scotland. The United Kingdom (UK) government however chose a different approach, formulating policy “that suited the private sector rather than community groups” (Van der Horst, 2014). Local resistance to wind projects motivated companies to negotiate agreements with local communities that surrounded proposed project sites. According to Van der Horst (2014), the government eventually decided to oblige companies to support local initiatives with an annual £5000 per installed megawatt. Earlier research for the UK government discusses “the ‘community’ concerned as ‘communities of locality’ i.e. areas close to, and affected by, wind turbines rather than ‘communities of interest’, while recognising that the spatial extent of such localities has no clear boundary” (DTI 2005 in (Munday et al. 2011).

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<sup>3</sup> The terms local residents and local communities are used interchangeably when discussing the global community renewables situation. In the context of South Africa, the term local community has a specific (policy determined) meaning. This will be further discussed in the relevant sections.

Depending on the type of benefit received, the link of people and organisations with this benefiting community can differ. Employment creation might benefit a wider region, while direct financial benefits through lease agreements are bound to be with the local farmer or landowner instead.

Munday et al (2011) in their study of the UK found five types of community benefits associated with renewable energy plants (Table 1), including: conventional economic benefit, flows of financial benefits, contributions in kind, provision of local services, and community involvement in the project development process. The term local community in this context refers to anyone who is affected by the described measures and financial flows. In the listed benefits, conventional economic benefit describes local economic impacts of local content and procurement as well as land rental and business rates associated with a new renewable energy plant. The second benefit type involves financial flows directed at benefitting the local community such as ownership dividends, community fund, and sponsorship of events or decreased electricity prices. A third type of benefit is contributions in kind to local assets (through, e.g. landscape and ecological measures) and facilities (e.g. tourism and visitor infrastructure). Educational visits and programmes are summarised as provisions of other local services. A fifth benefit type sees the involvement in the development process through various forms of liaison activities.

**Table 1 Categories of community benefit**

<b>Categories of community benefit</b> (Community Viewfinder, 2007; DTI, 2005) in (Munday et al, 2011)
<p><b><i>Conventional economic benefit:</i></b></p> <ul style="list-style-type: none"> <li>• The use of locally manufactured content, and local contractors for construction, operation and maintenance</li> <li>• Land rental income to landowners and any royalties</li> <li>• Local business rates and/or taxes</li> </ul>
<p><b><i>Flows of financial benefits to local communities:</i></b></p> <ul style="list-style-type: none"> <li>• Some form of ownership/investment in the project among local people, either as equity or a form of profit share</li> <li>• Some form of community fund, with lump sum and/or annual payments, either focussed on specific purposes (such as energy efficiency) or more open-ended</li> <li>• Cheaper electricity</li> <li>• Sponsorship of local events</li> </ul>
<p><b><i>Contributions in kind to local assets and facilities:</i></b></p> <ul style="list-style-type: none"> <li>• To landscape and ecological enhancement measures, perhaps that mitigate or compensate for any environmental costs caused by the wind farm.</li> <li>• To tourism/visitor facilities</li> </ul>
<p><b><i>Provision of other local services:</i></b></p> <ul style="list-style-type: none"> <li>• Educational visits of other educational programmes</li> </ul>



***Involvement in the development process:***

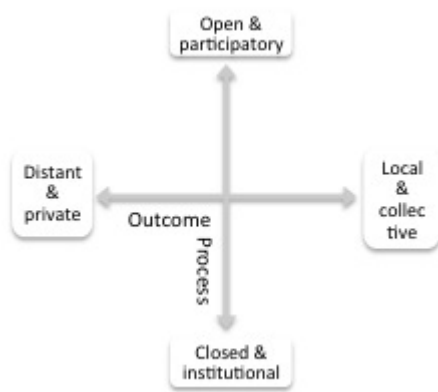
- Various forms of liaison activity

Existing research provides further insights about how renewables companies relate to communities and local development. These studies draw on case studies, interviews and surveys, from Europe. Present research investigates the process and outcome of community wind projects (Walker & Devine-Wright 2008), conditions determining local impact of renewables projects (del Río & Burguillo 2009), the importance of trust (Walker et al. 2010), opportunities for rural development associated with community benefits of wind farms (Munday et al. 2011), the role and challenges of community ownership and investment (Haggett & Aitken 2015), the role of community benefits in the acceptance of off-shore wind farms (Walker et al. 2014; Cowell et al. 2011) as well as an investigation of evidence in support of community ownership (Slee 2015). Slee (2015) suggests that there remains substantial need for further research into a range of topics associated with community ownership, benefits, and capacity; he also indicates that this field of enquiry requires increased attention not only in emerging renewable energy countries, but even in mature renewables energy markets such as the UK and Germany.

Research in the UK, when studying the process and outcomes of community renewables projects, found that the term ‘community’ applies to different industry- and government-led community energy initiatives with varying interpretations (Walker & Devine-Wright 2008). Initiatives include projects led by not-for-profit organisations, projects involving public buildings as well as projects with community shareholding. The interpretations have in common that communities have to participate in the development of the projects. One respondent explains that the definition was made up as the initiative unfolded. Walker and Devine refer to the historically changing meaning and the politics around the term, and they find two key dimensions, process and outcome.

First, a process dimension, concerned with who a project is developed and run by, who is involved and has influence. Second, an outcome dimension concerned with how the outcomes of a project are spatially and socially distributed—in other words, who the project is for; who it is that benefits particularly in economic or social terms (Walker & Devine-Wright 2008)

These dimensions, placed on crossing axes, support the comparison of the studied initiatives.



**Figure 1. Understanding of community renewable energy in relation to project process and outcome dimensions (adopted from Walker and Devine-Wright, 2008)**

The authors conclude that projects risk protest and rejection if they use the term community without allowing for substantial outcome and process evidence of participation and benefits. They also request the analysis of further case studies conducted in this way, in support of evidence.

The analysis of the impacts renewable energy projects have on local sustainable development is under-theorised and lacks, paradoxically, both attention to detail and aggregated data (del Río & Burguillo 2009). Del Rio and Burguillo assess the economic, environmental and social impacts of three Spanish renewables projects, including hydro, wind and solar projects. The authors find that the studied socio-economic effects depend on various factors, including specifics of the project's location and of the surrounding economy, social structure and dynamics between local stakeholders, and the level of participation of local residents and stakeholders in the energy project. The research shows that "a wide array of other tangible and non-tangible benefits should be considered, including income generation which complements and diversifies the sources of income of the local population" (del Río & Burguillo 2009).

Munday et al (2011) also found "limited empirical investigation into the economic consequences of wind power in rural locations" and consequently scrutinised local economies around UK wind projects. Their research is based on the assumption that, in the context of depressed rural economies, renewable energy projects provide an opportunity to establish new income opportunities for households, groups of people or entire villages and towns. The researchers identify impacts on the local economy during the construction and operation phases of wind farms. During construction, employment, sub-contracting and economic activity associated with immigrant workers affect the local economy. This effect is limited by the availability of services and products in proximity to the (often remotely located) construction sites. Further, land rental provides an additional income benefiting private or public landowners. In the studied projects,

the land is generally owned by the state and the 'annual royalty' therefore bypasses the local economy. The research doesn't find any negative impacts. Most of the studied wind projects make local benefit provisions. These often support local activities (e.g. sport, education), sometimes make in-kind provisions (e.g. visitor-facilities), directly fund further, smaller installations of sustainable energy projects and/or invest in enhancement of the local environment. The amount invested in community benefits is usually determined by the installed capacity, while the funds are managed through a local institution or in partnership with local authorities. Sometimes a managing institution is newly established for a project. The geographical allocation of funds is usually restricted to one or two council area(s) or community(ies). Most projects studied by the authors allocate funding in a reactive fashion, in response to applications and proposals. The study finds very little evidence of actual economic benefits, which is partially due to lacking economic evaluation of the invested resources. The authors also criticise the fact that "there was little evidence of scheme monies being employed in a joined up fashion with other developmental funds available at wider spatial scales" (Munday et al. 2011).

Going forward, Munday (2011) suggests that wind projects invest early on resources and attention to training and skills development amongst local residents and businesses to prepare for future contracting opportunities during construction. The researchers also suspect that community ownership carries greater potential to stimulate the local economy than the observed charitable benefits. The more an energy farm is owned by local residents in terms of shareholding, the greater the economic benefit for the local area and population. Lastly, they noted that commercial confidentiality constrains research and that project developers have "in most instances, the power to shape the form and volume of community benefit provisions". Somewhat disillusioned, the researchers conclude; that

[I]f the potential benefits have long been well known, the scope for realising them in practice in the UK has been much more limited, as the ostensibly 'local' nature of community renewable energy inevitably involves negotiating with and coordinating complex networks of regulatory institutions and actors at wider spatial scales (Munday et al. 2011).

Haggett and Aitken further investigate challenges to achieving potential community benefits and take a particular interest in the role of community ownership and investment in projects (Haggett & Aitken 2015). Renewable energy projects, they agree, carry potential financial, social and environmental benefits for involved and affected communities. Critical success-determining factors include access to financial capital, the strength of community cohesion and identity, and access to land. The authors suggest that the banking sector should provide suitable financial

mechanisms based on the premise that experience shows lower risks of community-driven than pure commercial projects. Scotland is dominated by community-owned development trusts, but other European experience shows that co-operative models can be a valid alternative, allowing for more funding diversity through, for example, crowd-funding. A direct trade-off in this respect is the local social cohesion and support if there is opening-up of a project to a wider geographic area for fundraising. Strong community identity, such as is reflected in established and functioning local groups, is critical to the successful implementation of projects; as a result, the authors recommend targeting such groups in energy education campaigns. Another key factor is human capacity. Successful projects often employ a dedicated project officer to overcome limitations associated with voluntary (time and skills) contributions. Lastly, there is scope for government, in particular local authorities, to reconsider their role. Possible functions that government could perform include information and education campaigns about community-driven renewable energy, support through financial resources, and pro-active sighting of suitable land for projects. Finally, the value of horizontal learning amongst involved and interested communities must not be underestimated. Going forward, the authors wish for improved conditions to implement such projects allowing for further experience to be collected. (Haggett & Aitken 2015).

Another recent study of community ownership has involved searching for evidence of realised community benefits through community-based equity participation in wind projects; it concludes that there are strong arguments for the integration of community entity in the ownership structure of large-scale energy projects (Slee 2015). Slee assesses whether community ownership can improve social acceptance of proposed renewable energy projects and whether local partial or full ownership of a renewable energy installation fosters understanding of critical topics like clean energy and climate change as well as providing an opportunity to plan for and invest associated monetary income into local development. All of these are found to hold true, but further research needs to generate additional evidence for these claims to effectively reduce some of the hurdles for community renewables (Slee 2015). The author makes a range of suggestions including a longitudinal study of occurring socio-economic impacts on affected and involved communities as well as further study of the capacity available in communities to govern and invest the funds towards a common benefit.

Another study explores the relationships between stakeholders, focussing on the element of trust (Walker et al. 2010). It reveals that while trust plays an important role in the successful implementation of projects that involve community members, it is not a consequential result of projects. Good quality relationships amongst local stakeholders and groups are however a real resource for a project. Existing conflicts, but also low degrees of trust can be a risk, if not managed

well. The case studies provide insights into the sensitivities around perceived and communicated community benefits. The authors warn of a “simplistic prescriptions of ‘what works’ and the notion that community projects can simply be replicated from place to place” (Walker et al. 2010).

The last research angle considered in this review of community renewables research is scrutiny of the function of community benefits. Walker et al (2014) reveal the importance of framing the proposition: if, for instance, community benefits are perceived as a bribe by the developer instead of honest compensation or even good-intended corporate citizenship, social acceptance is reduced (Walker et al. 2014). Public perception of community benefits influences social acceptance of projects. This influence can be significant, depending on whether communities influence or even control energy development or simply experience the accruing of benefits (Cowell et al. 2011).

The available research reveals the importance of community participation in the planning process of renewables projects and the planning of local economic impacts. In this context, it is of less importance what the actual benefits are, than who the involved actors are and what processes are employed. Of most importance is the quality of relationships between companies and communities, a perspective often referred to as procedural justice (Cowell et al. 2011; Whiteman & Mamen 2002; Whiteman 2009).

The available research offers valuable insights into the planning and implementation of community renewables projects. The European project experiences differ from projects in the growing renewables economies of countries such as India, Chile or South Africa. There are three possible explanations for the lack of evidence of research from the South:

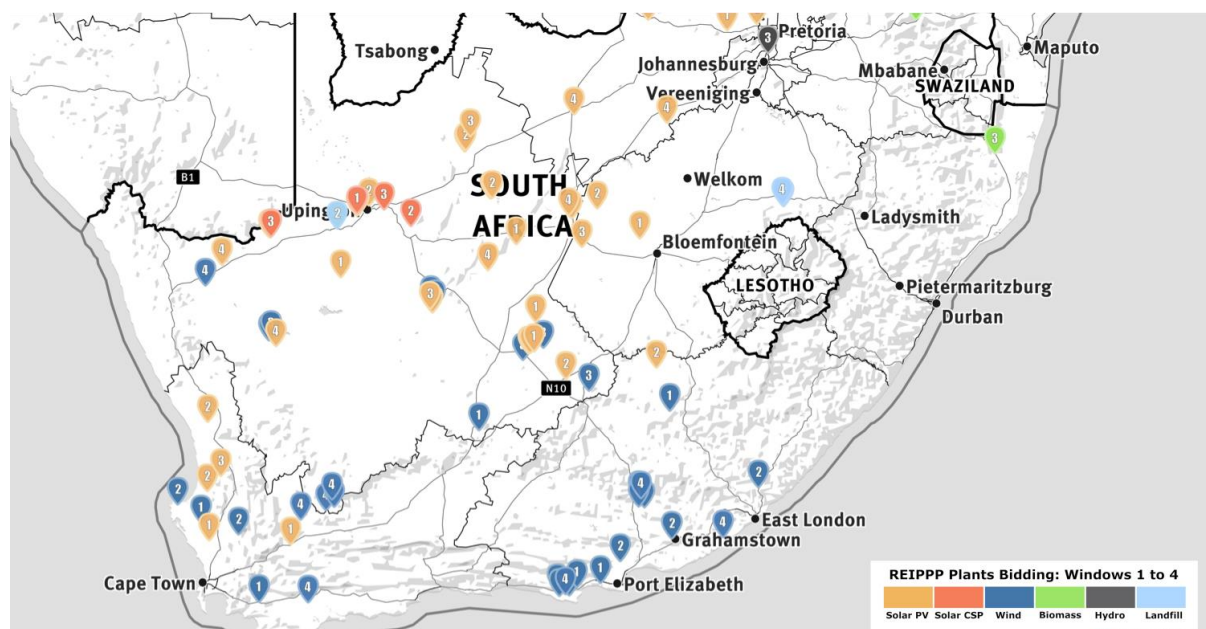
- Renewable energy used to be most commonly implemented in Europe and North America, Australia and Canada and only recently is it being implemented in countries with higher levels of inequality and poverty. The stakeholders involved in the development of projects might have perceived the negotiation and implementation of community benefits in more equal societies as less complex than it appears to be the case in countries like India, Chile or South Africa.
- Approaches to community engagement and benefits differ among countries, depending for example on the policy's context and project's location. This means research should be conducted locally, which requires gaining both access to the industry and sufficient understanding of local conditions and issues.
- The competitive nature of the business environment also affects community relations and the development efforts of renewable energy projects, especially in industries where socio-economic development plans and strategies are not shared or subject of public debate.

The South African competitive auction program makes provisions for community renewables, although their benefits are uncertain given the lack of research. The next section will turn to a discussion of the implementation of renewable energy in the South African context, the extent to which local communities have been included, and the design of their inclusion.

### 2.1.3 South Africa's version of community renewables

South Africa has large renewable energy potential in terms of available solar radiation, wind and land. Despite these resources, the electricity sector used to be based primarily on coal with a small contribution from nuclear, negligible contributions from hydro, and no other renewable energy sources (International Energy Agency 2014).

With the REIPPPP, the energy policy environment has changed, to include renewable energy deployment from wind, solar, hydro and biomass projects. After centuries of being dependant on coal and, more recently, also nuclear, South Africa's government has decided to procure some of the country's electricity from wind, solar, hydro and biomass projects. Various lobbying efforts over the past years have targeted government's energy policy and demanded renewable energy opportunities should be explored, besides other reasons in support of a climate-friendly development trajectory (Edkins et al. 2010; Winkler 2005).



**Figure 2 Map of REIPPPP projects after 4 bid rounds (Source: EnergyBlog, Stephen Forder 2015)**

The geographic distribution of REIPPPP projects follows the availability of solar, wind, hydro and biomass resources. The Northern Cape Province hosts most IPPs, 48 out of the to-date approved 92 projects. The Eastern Cape is second with 17 projects, and the Western Cape has 11. The other six provinces share the remaining 16 projects (IPP Office 2015a).

The South African context is influenced by numerous political, economic, social and environmental constraints as the country is tossing and turning in the thick of its post-apartheid legacy.

South Africa has a low-growth, high-poverty, unemployment-ridden, ever more unequal, capital flight prone, volatile, vulnerable, elite-oriented economy, whose gains appear only as temporarily restored profitability for big capital and a conspicuous consumption binge for a credit-saturated new middle class (Bond, 2005; Klein, 2007; Pilger, 2006)” in (Bond 2008).

In other words, South Africa is processing and “overcoming serious historical and contemporary challenges” (Westoby 2014).

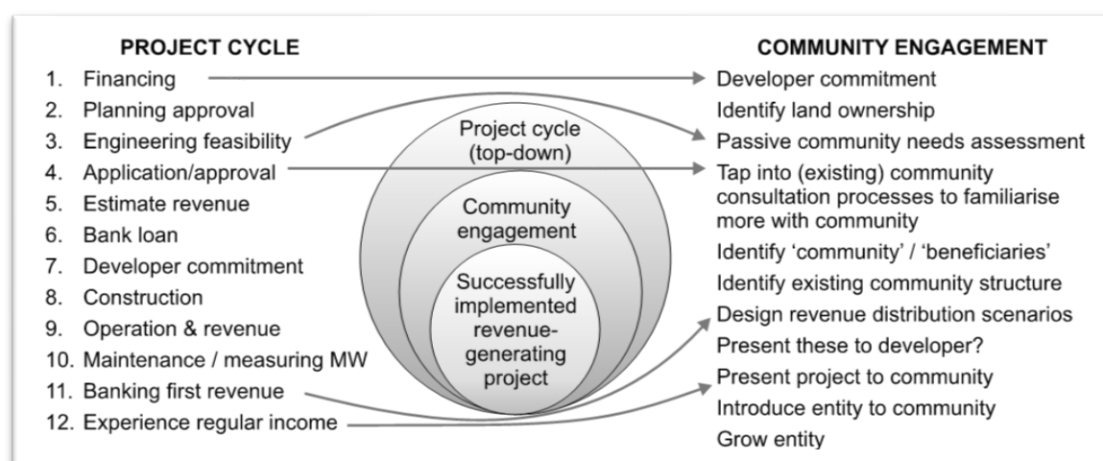
In the context of these challenges, South Africa’s commitment to community benefits through the renewable energy procurement programme turns many heads. The minister granted an exemption from the usual legislation (Tait 2012) that defines how tenders are assessed. Usually, the assessment is a 90/10 split. 90% of the assessment is focussed on price and 10% on the pre-assessed and scorecard-based bidders Broad Based Black Economic Empowerment (BBBEE) status (National Treasury Republic of South Africa 2011). In the case of REIPPPP, the ministerial exemption enabled policy makers to write a 70/30 split into the REIPPPP. The IPP Office assesses bids to 70% based on the price for electricity they offer. The remaining 30% of the assessment weight is dedicated to economic development criteria, which are largely based on the Broad Based Black Empowerment legislation. The programme defines here seven criteria, including job creation, local content, ownership, management control, preferential procurement, enterprise development and socio-economic development (Department of Energy 2011). Section D1 in this thesis introduces the criteria and takes their assessment further.

Roughly one year after the REIPPPP’s launch, the first research about the economic development aspects of the programme was published. Wlokas et al (2012) listed various concerns associated with the assessment process and general bidding requirements. Project developers have to make decisions about: a) Who exactly are the beneficiaries within the 50km radius? b) How will their needs be assessed and expectations managed? c) What are possible community development contributions? d) How is implementation capacity ensured, either institutionally or through community structures?

- a) According to the REIPPPP, previously disadvantaged local communities in a radius of 50km around sites are to be the primary beneficiaries of the local community requirements. The 50km radius is not aligned with any existing administrative boundaries and thus risks conflict

and confusion. In practice, the identity of the owner of the (project site) land and surrounding land is crucial to defining both beneficiary communities and possible benefit structures and processes.

- b) In order to address issues listed under a) project development teams need to engage with local stakeholders. This process requires sensitivity, in particular in the context of poverty, inequality and the lack of awareness amongst the public about the REIPPPP. Image 1 presents initial thinking towards this sensitive process, as practice suggestion.
- c) The timing of resource availability depends on a project's finance structures. Thus, there is variety amongst projects as to when during the project's lifetime the community's investment will become available and how much it will amount to.
- d) In the opinion of the researchers, community-based implementation capacity is crucial to successful community development. They advise partnerships with existing NGOs and public institutions.



**Figure 3 Potential interactions between engineering project cycle and community engagement (Source: Wlokas et al. 2012)**

The requirement to submit Socio Economic Development (SED) plans is controversial, in the eyes of the researchers, since it is not stipulated how such plans should be developed and whether they will form part of the contractual project implementation agreement, e.g., the extent of community consultation, degree of commitment/of binding of the plan once the project is approved. Here, the careful management of expectations amongst local communities and other stakeholders is critical. Thus, as long as it forms part of the programme's requirements, project developers should adopt a 'passive community needs assessment' when preparing bids. This passive approach follows the sensitivity being suggested: desktop research and interviews with organisations and active individuals provide the basis of SED plans. Following the approval of a bid, only then can wider engagement be commenced (Wlokas et al. 2012).



Two Masters theses have examined the REIPPPP and its requirements for economic development (Tait 2012; Bode 2013). Both theses look at economic development in the context of renewable energy, taking the REIPPPP into consideration either as sole focus of the study or as a case study amongst other renewable energy interventions. Bode analyses the South African renewable energy roll-outs, applying a neo-Gramscian framework to 'expose the character of power and hegemony and how the needs of transnational capital are satisfied within local perceptions of development' (Bode 2013). In the case of the REIPPPP, the research concludes that the restrictive nature of the procurement process is ill-suited to fostering transformation. Tait investigates the motivations behind wind developers' efforts to integrate local communities into wind projects and the potential for these efforts to contribute to sustainable development. The BBBEE legislation underlying the REIPPPP economic development criteria drives such ambitions to a large degree. Only some developers state firm philosophical or other voluntary reasons. The research concluded that the potential for sustainable development contributions in local communities through the REIPPPP does exist but that it is constrained by issues like the lack of guidance for developers around community development as well as weak monitoring and evaluation requirements (Tait 2012). Both studies provide insightful evidence of the challenges in the South African context associated with relations between the private sector and local communities and, indeed, with social transformation.

Emerging experiences are further documented and discussed in a research report that summarises the challenges and issues raised by REIPPPP stakeholders and suggests recommendations on how to maximise developmental impacts of the programme (Tait et al. 2013). The challenges identified include:

- The definition and selection of local beneficiary communities in the context of the vague instruction to benefit previously disadvantaged groups within a 50km radius around projects;
- Alignment and timing of the community engagement process and the engineering project cycle are determined by the procurement process and timelines;
- Building positive relationships between companies and communities and amongst different renewables projects despite the competitive nature of the procurement programme;
- And, the realisation of developmental impact without clear guidance from government.

The report makes four suggestions. Firstly, the bidding process needs reforming in order to create an enabling environment for community benefits. Government needs to amend certain criteria and clarify terminology and definitions. Secondly, the industry requires a forum to enhance

exchange and collaboration amongst companies. Such forum shall help overcome competitiveness and foster developmental impact of projects; it should also build capacity at community level so as to engage effectively with the programme's opportunities. Thirdly, further research is needed to support practice development and to identify suitable institutional arrangements for community benefits. Lastly, the report demands institutional capacity to monitor and review the industry's conduct and performance in communities across the country (Tait et al. 2013).

Further, two working papers draw on insights from early research on the REIPPPP. They investigate the REIPPPP and its requirements, providing lessons for independent power producer procurement programmes in other countries and developments around project finance (Eberhard et al. 2014; Baker & Wlokas 2014)<sup>4</sup>. The papers agree that the provision of community benefits in the context of the REIPPPP is complex and challenges project developers. Baker and Wlokas (2014) state that project teams often lack development-specific competencies and capacity. Various emerging project realities add complexity to the task at hand. Government feedback on proposed socio-economic development plans remains missing. Beneficiary radii of projects increasingly overlap with one another as procurement rounds continue. Diverse practices lead to community trusts, which hold local ownership in projects, being governed by differing trust deeds and boards. In addition, trust income differs greatly in terms of timing and amount between projects and respective trusts. In this context "transparency and effective communication between companies and communities is absolutely crucial to ensure a positive relationship and the genuine acceptance of the [renewables] project" (Baker & Wlokas 2014). The paper concludes that collaboration amongst companies, as well as open discussions with their work force, local residents and the wider public is crucial to the goal of creating sustainable benefits beyond the generation of electricity.

In late 2013, when this research started, very little information about the REIPPPP's requirements was publicly known. The IPP Office is in charge of the REIPPPP. In the first years, they focussed on implementing the initial procurement rounds and were not very forthcoming with information or public statements about the programme. The procurement documents present the requirements, but government decided to restrict access and dissemination of the documents through a confidentiality clause (Wlokas et al. 2012). With time and increasing public pressure through research and lobbying efforts, government's communication strategy changed.

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<sup>4</sup> In early 2014, the IPP Office granted three researchers, including myself, access to (some of) the procurement data. The analysed data constitutes one of the research steps in this thesis. Action research guides this thesis. Hence, emerging findings form part of various publications and presentations held before the submission of this thesis.

During the course of the two years in which this action research project was conducted, government started to open up and in-house analysis about the programme started emerging.

In 2015, the IPP office published a series of reports and articles about the REIPPPP. Most of the reports were released in March 2015 and disseminated at an international industry conference in Dubai and later at the South African International Renewable Energy Conference (SAIREC) and the annual wind energy conference (WINDABA) also locally available in print. At a similar time, government published a new website, on which the reports are freely available as downloads. One report introduces the REIPPPP and four regional reports focus on the REIPPPP's achievements in the Western Cape, Northern Cape, and Eastern Cape with the fourth covering the remaining six provinces (IPP Office 2015a; IPP Office 2015c; IPP Office 2015e; IPP Office 2015d; IPP Office 2015b).

This introductory report outlines how the REIPPPP addresses the objectives identified in the National Development Plan (NDP) (Government of South Africa 2013). The NDP defines the developmental vision, which South Africa, as per this plan, set's out to achieve by the year 2030. The IPP Office states that the REIPPPP contributes to ten of the national outcomes, the NDP's outcome 6, for instance, is "An efficient, competitive and responsive economic infrastructure network". The REIPPPP makes its most significant contribution to this outcome through the implementation of additional electricity generation capacity. The NDP aims for an additional 10 000 MW new generation capacity by 2019 and specifies that 5 000 MW should be contributed by renewable energy. Beyond the provision of electricity, the REIPPPP contributes to outcomes 4, 5, 7, 8, 10, 11 and 14. The local community benefit requirement for enterprise development supports outcomes 4 and 7, socio-economic development 7 and 8, while ownership supports outcomes 10 and 11.

**Table 2 Alignment of NDP outcomes and REIPPPP bid obligations (adopted from IPP Office 2015a)**

<b>Alignment of NDP outcomes and REIPPPP bid obligations</b>		
<b>National Development Plan Outcomes</b>	<b>Primary focus</b>	<b>REIPPPP bid categories addressing specific outcome</b>
Outcome 4	Decent employment through inclusive economic growth.	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Enterprise development</li> <li>• Ownership</li> <li>• Preferential procurement</li> <li>• Local content</li> </ul>

Outcome 5	A skilled and capable workforce to support inclusive growth.	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Management control</li> </ul>
Outcome 7	<p>Vibrant, equitable sustainable rural communities contributing towards food security for all.</p> <p>Reduction of rural unemployment rate. Increased access to quality infrastructure and services, specifically education, healthcare and public transport.</p>	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Socio-economic development</li> <li>• Ownership</li> <li>• Enterprise development</li> </ul>
Outcome 8	Sustainable human settlements and improved quality of household life.	<ul style="list-style-type: none"> <li>• Socio-economic development</li> </ul>
Outcome 10	<p>Protect and enhance our environmental assets and natural resources.</p> <ul style="list-style-type: none"> <li>- Reduced total emissions of CO2 34% reduction from business as usual scenarios.</li> </ul>	Results from power generation from 'clean' energy sources (a consequence of Outcome 6)
Outcome 11	<p>Create a better South Africa, contribute to a better and safer Africa in a better world.</p> <ul style="list-style-type: none"> <li>- Increased FDI: R230 billion by 2019 (from baseline of R40 billion in 2013).</li> </ul>	<ul style="list-style-type: none"> <li>• Ownership</li> </ul>
Outcome 14	<p>Nation building and social cohesion</p> <ul style="list-style-type: none"> <li>- Disability and gender equality.</li> <li>- Equal opportunities and redress.</li> </ul>	<ul style="list-style-type: none"> <li>• Preferential procurement</li> <li>• Job creation</li> <li>• Ownership</li> </ul>

The reference to the NDG is new and remains to date the only guiding indication of government to have applied its mind to possible synergies across policies and objectives.

There are various ways in which IPPs can contribute towards the NDP goals through their community benefit commitments. It is at this point helpful to look into the South African understanding of community development more depth, and the extent to which REIPPPP is embedded in this literature.

#### 2.1.4 Understanding community development in South Africa

In the bigger picture of South Africa's fight against poverty and inequality, "community development [is] (...) a small humble contributor to social change", which "creat[es] spaces and platforms to co-motion". The practice of community development sits with four major tensions (Westoby 2014).

- Growth-centred versus people-centred development;
- Endogenous versus exogenous development;
- Top-down versus bottom-up practice;
- Service-oriented versus development practice.

There are different roles associated with various practices, at either end or position within this spectrum, including

- Community-service (for or on-behalf of, providing funding, information for people, initiating good projects for them),
- Community-brokering-liaison oriented (brokering access to other systems resources, information or networks) and
- Community development practitioners (of, with or amongst people, creating spaces and platforms for co-motion) (Westoby 2014).

Social development practitioners work with “models, ideas, predetermined ‘packages’ of developmental goods” while development practitioners’ work with relationships. “The work of community development practitioners as primarily relational, communicative, emotional and educational work, and secondly technical work” (Westoby 2014).

Community development can be organised by traditions. They can be defined by geography, methodology or intellectual-root. Westoby (2014) identifies four different types of intellectual community development traditions in South Africa: social guidance, social reconstruction, social learning and social mobilisation tradition. Each of these finds application in different government policy and programmes as well as NGO work. The REIPPPP does not reference any of it.

The proponents, government or non-governmental organisations, determine the practice (frameworks) of community development. (Luka & Maistry 2012). Luka and Maistry (2012) identify four distinct perspectives under operation in South Africa. Westoby decided to group these four as policy-orientated frameworks, different from organisation-diffused frameworks (2014). The group of policy-orientated frameworks includes the social exclusion framework, basic needs framework, the sustainable livelihood approach (SLA) and the income framework. Organisation-diffused are community-driven/ or -led development, rights-based community development, asset-based community development (ABCD), as well as the sustainable livelihoods approach.

**Table 3 Practice frameworks of community development in South Africa**

<b>Practice frameworks of community development in South Africa</b> (Westoby 2014; Luka & Maistry 2012)				
<b>Policy-orientated frameworks</b>	<b>Income framework</b>	<b>Basic needs framework</b>	<b>Sustainable livelihood approach/framework (SLA)</b>	<b>Social exclusion framework</b>
Focus	Economic poverty	Access to sanitation, security, clean water, education,	Construction and strengthening of	Deprivation, vulnerability, inequality

		appropriate clothing, health etc.	appropriate 'asset base'	
International and local examples	Social protection policy and welfare grants, GEAR, ASGISA, EPWP	RDP policy	Community development policy framework, Social Development Department	Bill of Rights, South African Human Rights Commission, Commission on Gender and Equality
<b>Organisation-diffused frameworks</b>	<b>Community-driven and community-led development</b>	<b>Rights-based community development</b>	<b>Asset-based community development (ABCD)</b>	<b>Sustainable livelihood approach/framework (SLA)</b>
Focus	Self-help, community-driven approaches			
International and local examples	World Bank, Khanya-acidd, People's Housing Process	Action Aid, UN Programmes, IDASA	Coady Institute	UK DfID, Robert Chambers, Community Development Practitioner Programme
Others	CDRA	Training for Transformation	Khanya	
Focus	Development is an innate and natural process to all living things, cannot be engineered.	Development is primarily a spiritual practice	Integrating sustainable livelihoods approach with community-based planning	

Frameworks, if used effectively, offer the possibility for reflection and personal practice development. Individuals, organisations and corporations with the ambition to contribute towards development should be cognisant of and position themselves with intent between the various traditions and frameworks (Westoby 2014). Research however indicates that learning and professional development is lacking among practitioners in South Africa, in particular in government-led community development programmes (Westoby 2014), as expressed in this quote.

*"Technically-oriented community development work usually puts financial resources at the centre of practice, with programmes or projects determining the development trajectory. People themselves remain at the periphery, subjected to being objects, as 'participants' or 'beneficiaries'"* (Westoby 2014).

In the REIPPPP, government speaks about local residents as local communities who shall benefit from measures implemented through the corporate financial commitments. The private sector responds well to the required commitments, as the figures reported would indicate. On average, in response to the socio-economic development (SED) criteria, among bidding companies

participating in the first four bidding rounds, the “commitment level is 2.2% (...) more than the minimum compliance threshold” (IPP Office 2015a). The enterprise development (ED) criterion is overachieved by 16.7% (above target) and, on average, local communities hold 11% of project shares. The majority of SED allocations invested to date have gone into education efforts (40%). Running second, is the amount going into enterprise development (21%), followed by social and welfare support (14%). The remaining resources have been invested in management and planning (7%), infrastructure (7%) and health care (3%) (IPP Office 2015a). On paper, this makes for a successfully implemented community renewables procurement programme. However, the realisation of projects and the committed benefits are not as straight forward. In practice, the extent and exact role of the state in facilitating successful implementation remains one of many open questions going forward. To an extent, the IPP Office shows its appreciation of the situation in their reports.

A key lesson already, says the IPP Office, is that “*opportunities or alternative vehicles [need] to be investigated that will enable a more even distribution of community trust cash flow and realising community benefits sooner*” (IPP Office 2015a). A later paper authored by personnel of the office states that despite the significant contributions made through SED investments, “outcomes indicate that the financing committed by IPPs for socio-economic development can be improved” (Fourie et al. 2015). Listed concerns include “deficient coordination and alignment” of development spending allocated within overlapping beneficiary radii, absorption capacity for development investments in sparsely populated areas, unequal geographical distribution of projects, and the timing of the payment of the community funds. The paper concludes by stating that “*as a result, the IPP Office is currently considering alternative socio-economic institutional and financial models to optimise IPP programme benefits to both the local and broader South African economy*” (Fourie et al. 2015). Government in South Africa has a long history of prescribing business’s role in development. Up to a certain point they give instructions through legislation (Trialogue 2013). Ensuring impact is, however, not included in the scope and there is little appreciation of the crucial role of practice. Theory can guide and position practice. Researching and theorising community development “can only illuminate” the fact that, if combined with particular practices, “community development efforts are more likely to lead to outcomes that people seek” (Westoby 2014). Table 4 lists a collection of community development practices, which Westoby observed in South Africa.

**Table 4 Community development practices collected in South Africa**

<b>Community development practices collected in South Africa (Westoby 2014)</b>
<ul style="list-style-type: none"> <li>• Understanding the significance of time in community work;</li> <li>• Foregrounding observational skills- ‘to see what the people see’;</li> </ul>

- Applying the wisdom, ‘start anywhere, go everywhere’;
- Nurturing cooperative leadership, conceptualised technically as o-1-3;
- Fostering group analysis via dialogue;
- Building analysis ‘beyond where people are at’;
- Understanding the practitioner’s role as accompanying, and the corresponding ‘delicate relationship’ between practitioners and other characters in the event/story;
- Drawing on action-learning and action–research approach;
- Enhancing emotional capacities;
- Providing ongoing support, training and organisational development with the goal of institutionalising a learning organisation;
- Utilising the practices of community-based education/training and horizontal learning;
- Structuring the work for sustainability;
- Drawing on a co-creative approach to community-state relations;
- Recognising the trade-offs within scaling-up and scaling-across;
- Understanding the dilemmatic space of practice, becoming politically literate in complex political and instrumental spaces, and enhancing reflective navigational capabilities.

Westoby argues that

what is needed for community workers is both a clear organisational community development practice framework (so a workers can locate themselves within their organisational context) and recognition that such an organisational framework will be interpreted and re-interpreted by practitioner’s in situ (Westoby 2014).

In the end, he concludes, ideal practice evolves and it requires as “conscious-as-possible muddling-along always responsive to the situation at hand while cognisant of the theories that might help” (Westoby 2014). This pragmatic and forward-looking mindset is useful when considering academic and practical advice for the REIPPPP stakeholders.

Such advice is the anticipated end-result of this research. The intention is to increase the reflexivity of REIPPPP stakeholders, through greater insights and oversight across community relations and development practices employed in REIPPPP. Therefore, the research will take a closer look at the interactions between project stakeholders. In doing so, it will be possible to identify who is involved in shaping the institutions, the socially agreed patterns and behaviours, associated with the design and implementation of community benefits in REIPPPP. The concepts guiding this part of the research are introduced in the following section.

## **2.2 Exploring institutional logics and work in the implementation of community renewables**

Institutional theory assists in the exploration of emerging practices and experiences in the REIPPPP. The launch of the REIPPPP stimulated the emergence of a new organisational field and individuals and organizations have engaged with the procurement process and its institutional



requirements in different ways. This research raises the question of how government, companies and communities are shaping institutions in the implementation of community renewables in South Africa. In this context, three main stakeholder groups are important actors; government (national, provincial and local), private companies and local communities. Assuming homogeneity amongst its members, each of these actor groups acts within its own set of rules and interests. The concept of institutional logics allows for these rules and interests to be studied in more depth. In order to comply with the community benefit requirements, these actors engage with and change institutions, temporarily as well as more permanently. Through, for example, advocating, policing or undermining actions, they perform various forms of (institutional) work that results in the creation, maintenance and disruption of institutions.

Institutional work theory is being challenged by scholars to engage more closely with social and political agendas (Dover & Lawrence 2010; Kraatz 2010; Nilsson 2015). Dover and Lawrence (2010) suggest pairing institutional work research with action research, while Nilsson (2015) raises the bar, proposing that the objective should be to foster positive institutional work. In this instance, institutions have to be not only symbolically but also socially legitimised. Nilsson (2015) coined the term experiential legitimacy, which would support the development reflexivity and is well suited to action research.

Therefore, appropriate research supports institutional reflexivity through the analysis of the institutional work, changes and logics, that are taking place in this new field. The research raises the question: how do the different logics inform the institutional work performed by the actors? A second question is how do the different institutional logics define the views that actors' hold on community renewables? Action research provides the methodological justification and guidance for the proactive enhancement of institutional reflexivity; this it does through investigation and immediate dissemination of findings in support of the learning of the field about itself and its actions of institutional work. A third research question is formulated around this issue, asking how do symbolic and experimental legitimacy interact?

The following section outlines the theoretical positioning of this thesis within the field of institutional theory. It further discusses the concepts of institutional work and institutional logics and their application to the research context. The chapter concludes with the presentation of the theoretical framing for this thesis.

### **2.2.1 Community renewables as a new organisational field for institutional work**

Institutional theory can use economic, sociological or comparative research (Hotho & Pedersen 2012). Organisational theory and institutional work are at home in sociology, as is this research. The disciplines of political science and economics also contain theories of institutions. The

economic approach addresses “the regulatory role of institutions that underpin economic activity” (Hotho & Pedersen 2012). A full review of new institutionalist and other approaches in economics and politics are beyond the scope of this study, but see (Frynas & Stephens 2015; Eggertsson 2013; Davis & Marquis 2005) for reviews.

Amongst these reviews is the prominent contribution from Elinor and Vincent Ostrom. The Ostroms founded an entire institute, the Workshop on Political Analysis and Theory, at Indiana University Bloomington in the United States. The institute has, since 1973, investigated “the potential for self-governing capabilities to solve problems of production and provision of public goods and services” (Jagger et al. 2009) since 1973. The Ostroms’ work is largely concerned with the governance of common pool resources and carefully explains the various institutional rules of resource management.

Differing from the Ostroms’ analysis of economic governance, which focuses on identifying appropriate institutions, was the growth, in sociology, of institutional approaches out of organisational theory, and it used to be mainly concerned with the “relationships among organisations and the fields in which they operate, providing strong accounts of the processes through which institutions govern action” (Thomas B. Lawrence et al. 2009). In neo-institutional theory, industry level or organisational fields became and still remain a popular unit of analysis. Fields are defined as “a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field” (Scott 1995 in (Greenwood & Hinings 2006). Scholars differentiate between mature and stable fields and emerging fields (Marti & Mair 2009).

Organisations adopt specific organisational forms, and this practice “reinforces a hegemony of ideas that connect to distributions of power and privilege within society” (Greenwood & Hinings 2006). Thornton and Ocasio (2008) identify three levels of society. The first level includes individuals who compete and negotiate, on the second level organisations between conflict and coordination and on the third level contradictory and interdependent institutions (Thornton & Ocasio 2008). Institutions can be broadly defined by Hughes as “enduring patterns of social action” (1936, cited in (Lawrence 2008) and further interpreted as “those patterns of practice for which ‘departures from the pattern are counteracted in a regulated fashion, by repetitively activated, socially constructed, controls- that is by some set of rewards and sanctions’ “ (Jepperson 1991 in (Lawrence 2008). Institutions affect all actors and actions on every level. “While individual and organizational action is embedded within institutions, institutions are socially constructed and therefore constituted by the actions of individuals and organizations” (Berger and Luckmann 1967 in (Thornton & Ocasio 2008).

Institutions require legitimacy, which is a well-accepted requirement, but the legitimacy generating process lacks understanding (Johnson et al. 2006). The literature on legitimacy is wide. Within institutional theory, 'the notion of legitimacy... captures the evaluative dimension of social structuring' (Suchman 1995). Suchman's (1995) definition of legitimacy is commonly referred to; legitimacy is "a generalized perception or assumption that the actions and entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". This definition evolves around 'actions' as unit of analysis. Nilsson (2015) points out the limiting effect of this, in particular when striving for responsive institutions.

This so-called symbolic legitimacy is based on after-the-fact or 'post hoc' accounts or relationships and behaviours. "They are understood not in terms of how they are experienced, but as implied expressions of norms, values, beliefs, and definitions" (Nilsson 2015). Johnson et al (2006) also recognise the 'assuming' nature of legitimising. "Legitimacy occurs through a collective construct of social reality in which the elements of a social order are seen as consonant with norms, values, and beliefs that individuals presume are widely shared, whether or not they personally share them" (Johnson et al. 2006).

Nilsson's (2015) proposal to work with experiential surfacing towards positive institutional work is a crucial recent contribution at this point. The idea of 'Blind adoption' of practices stems all the way back to Weber already. Exchange and communication about subjective, interior feelings and experiences however create an enabling environment for positive institutional work (PIW), Nilsson suggests. He defines positive institutional work as "the creation or maintenance of institutional patterns that express mutually constitutive experiential and social goods". Nilsson remarks that positive and negative experiential categories are blurred at times, conceptually as well as psychologically. That appreciated, he identifies three requirements for PIW: "incorporating experience into evaluations of legitimacy, recognizing inquiry as a powerful form of institutional agency, and exploring positive institutions" (Nilsson 2015).

However, as both a practical and a theoretical suggestion, Nilsson goes one step further to propose using experiential legitimacy as an additional or alternative source of legitimacy, depending on the circumstance, to testing for symbolic legitimacy through normative, regulative or cognitive evaluation.

It is clear that if we evaluate social structuring only for what it apparently means (symbolic legitimacy) rather than also for how it is actually experienced (experiential

legitimacy), it may be difficult to consistently reproduce positive relational patterns. It is easy to turn experiential values into abstractions: smiles mean friendliness; voting procedures mean participation; non-discrimination policies mean inclusiveness. But the actual experiences of friendliness, participation, and inclusiveness are more elusive and must be evaluated in their own right if the goal is to create and maintain robust experiential patterns (Nilsson 2015).

Following this argument, numerous empirical phenomena associated with the community benefit schemes under implementation in the REIPPPP have been found to support Nilsson's proposal. Such phenomena, for example, include the fact that, while policy requires IPPs to conduct a regulative evaluation of their community benefit work, this is insufficient for a number of reasons. These reasons include the concealment of all information exchanged between IPPs and national government (including the economic development monitoring results). There are also the limits to the insights into development processes that can be gained from the required quantitative data, e.g. the monthly number of patients attended to in a newly build clinic, especially given the lack of appreciation, or the monitoring, of the impact that the various practices that are being employed when engaging with communities and development stakeholders can have on social cohesion, etc. Such practices, ideally, involve resources such as time and money, and require human capital, trust building and relationship-forming engagements and cost money. People are implementing the REIPPPP's criteria, and people within communities are meant to benefit. If the practices that are actually being employed are to impact social behaviour and therefore the legitimacy of the institutions created, humans have to have access to each other's experiences.

In Nilsson's words

If experiential evaluation is to be a social structuring mechanism, then people have to have access to each other's experiences. If something is socially invisible it can't be socially evaluated. So a key dimension of positive institutional work must involve surfacing and sharing the inner experiences of field members (Nilsson 2015).

In this context, one has to be aware of associated tensions and challenges. As a result, the appropriateness of striving for an experiential surfacing practice is not always raised. Certain situations require a "decoupling [of the] outward display from inward action" for reasons of protection of resistance, as pointed out by Nilsson (2015).

In this thesis, action research encourages field members to actively exchange their views. The research design will further explain the practicalities around this. Theoretically, actor specific logics motivate the actions of field members. Therefore, the concept of institutional logics is important to look at in more detail.

### **2.2.2 Institutional work actors are driven by typical logics**

Logics include, for example, "socially constructed rules, norms and beliefs constituting field membership, role identities and patterns of appropriate conduct" and are "conveyed through regulatory, normative and cognitive processes" (Greenwood & Hinings 2006). These processes "shape how actors interpret reality and define the scope of socially legitimate conduct" (Greenwood & Hinings 2006). Institutional logics therefore have an ordering influence onto organisational fields (Friedland and Alford 1991 in (Greenwood & Hinings 2006).

Alford and Friedland introduced the concept of institutional logics in 1985, aiming to describe "the contradictory practices and beliefs inherent in the institutions of modern western societies" (Thornton & Ocasio 2008). Since 1985, many scholars have studied and redefined institutional logics. The shared assumption amongst all interpretations is that "to understand individual and organizational behaviour, it must be located in a social and institutional context, and this institutional context both regularizes behaviour and provides opportunity for agency and change" (Thornton & Ocasio 2008). Thornton identified logics for a range of system ideal types including corporations, professions, communities, religions, states, etc. Table 6 presents Thornton's ideal types for the relevant actor in the research, the state, corporations and community.

The state's root metaphor is a redistributing mechanism. Corporation has a hierarchy and community a common boundary. The state's source of legitimacy is democratic participation, the corporation's is the market position of the firm and the community's legitimacy is defined by a unity of will and a belief in trust and reciprocity. The state's source of authority is bureaucratic domination, for the corporation this is the board of directors and top management, for communities' authority is derived from a commitment to community values and ideology. The source of identity for the state lies in social and economic class, for corporations in bureaucratic roles and for community in emotional connection, ego-satisfaction and reputation. The basis of norms, for the state, is citizenship in the nation, for corporations it is employment in the firm and for communities it is group membership. The basis of attention is for the state the status of the interest group, for the corporation the status in hierarchy and for community the personal investment in the group. The basis of the state's strategy is to increase the community good, for the corporation to increase its size and diversification of the firm and for community it is to

increase status, honour of it's members and practices. Informal control mechanisms for the state are backroom politics, for corporations the organisational culture and for the community the visibility of actions. The economic system of the state is welfare capitalism. Corporations entertain a managerial capitalism and communities cooperative capitalism.

**Table 5 Revised InterInstitutional System Ideal Types**

<b>Revised Interinstitutional System Ideal Types</b> (Thornton 2008)			
	<b>State</b>	<b>Corporation</b>	<b>Community</b>
Root Metaphor	State as redistribution mechanism	Corporation as hierarchy	Common boundary
Sources of Legitimacy	Democratic participation	Market position of firm	Unity of will, Belief in trust& reciprocity
Sources of Authority	Bureaucratic domination	Board of directors, Top management	Commitment to community values& ideology
Sources of Identity	Social& economic class	Bureaucratic roles	Emotional connection, Ego-satisfaction& reputation
Basis of Norms	Citizenship in nation	Employment in firm	Group membership
Basis of Attention	Status of interest group	Status in hierarchy	Personal investment in group
Basis of Strategy	Increase community good	Increase size& diversification of firm	Increase status& honour of members& practices
Informal Control Mechanism	Backroom politics	Organization culture	Visibility of actions
Economic System	Welfare capitalism	Managerial capitalism	Cooperative capitalism

Logics are widely accepted as a driver of institutional change, if they compete. Studies looking into various examples of competing logics show that the shifting domination of logics “can provide the impetus for institutional change and transformation” (Grey et al 2013). The question “how and when logics shift” begs for answers from institutional analysts, in particular, say Grey and colleagues, from institutional work research, yet to date, these questions have not been meaningfully addressed (Grey et al, 2013). Grey asks “What kinds of institutional work do organizations perform as they attempt to influence the institutional logic that characterizes their field; and what kinds of institutional work do organizations perform in response to the resulting logic shift”. Their single qualitative case study research indicates that four forms of institutional work are apparent. These forms include external and internal practice work, legitimacy and identity work (Grey et al 2013).

More generally, regarding logics, Thornton states

[L]ogics provide rules of action that help actors to cope with ambiguity and cognitive limitations by highlighting particular issues and problems, determining which of these are salient and demand managerial attention, and framing possible solutions (Thornton,

2002).

In other words, institutional logics “link internal mental cognitions to external rituals and stimuli’ (Thornton, 2004) and therefore connect meaning with action.” (Grey et al 2013). Recently, interest is growing in the change in logics and their effect on organisational fields and its actors (e.g. Lounsbury, 2007; Ocasio, 1997; Thornton, 2002) as cited in Grey et al 2013.

In the context of this research, as has been said, the key actors are the state, communities and the private sector. While institutional theory was gaining popularity amongst sociology, economics and management scholars, it took another 20 years for the institutional CSR debate to start.

### ***Corporate logic expressed through Corporate Social Responsibility***

The research field of corporate social responsibility (CSR) studies business’s perspective on community development. Thus it provides important insights into corporate logic, and business can play a leading role in effecting community development. Besides this, CSR, company-community relations research also explores the role of companies. The literature is dominated by corporate interest in gaining practical advice on the practice and effects of CSR (Bieri & Boli 2011). While CSR is generally under theorised, increasingly attention is being paid to formulating more ambitious expectations. One of the difficulties is a lack consensus around the concept of CSR (Frynas & Stephens 2015).

Institutional and stakeholder theories are two major theoretical perspectives applied to CSR (Frynas & Stephens 2015; Frynas & Yamahaki 2016). Discussion about a useful classification of theories to be used to study CSR evolved from differentiating between “the role of firms, managerial autonomy, and the level of analysis” to an appreciation of three levels of analysis, macro-, meso- and micro-level (Frynas & Yamahaki 2016). Another differentiation is offered by grouping as “theories of external drivers”. “Relational, political and integrative” perspectives, as found in stakeholder theory, institutional theory and resource dependency theory, These contrast with, but ideally are used in combination with, “theories of internal drivers” such as instrumental economics, managerial perspectives, agency theory and ethical theories (Frynas & Yamahaki 2016). In Frynas and Yamahaki’s CSR research (2016), theories of external drivers “tend to focus on the relationships between the firm and society, where CSR is conceived as the outcome of social relationships and societal norms”. Theories of internal drivers “concentrate on understanding both corporate management and social values of individuals inside organisation”. Legitimacy is an issue common to both groups.

**Table 6 Institutional theory perspective on CSR (excerpt from Frynas &Yamahaki, 2016)**

<b>Theoretical perspective</b>	<b>Core assumption</b>	<b>Main CSR-related rationale</b>	<b>Main unit of analysis</b>
Legitimacy theory	Firms operate on the basis of a social contract with society and their survival and growth depend on legitimacy	CSR acts to retain congruence between society's and organisational objectives	Organisations and macro environments

Frynas and Yamahaki (2016) understand the social contract between society and firms as a core assumption from an institutional theory perspective on CSR. Further, a key assumption is that firms' survival and growth depends on legitimacy. This assumption has stood since 1983, when DiMaggio and Powell suggested a definition for institutionalised (corporate) socially responsible behaviour.

Different societal actors in the profit, non-profit and public sectors encounter, define and influence the institutional norms, values and regulations in the institutional environments they operate; and only when these actors accept a shared definition of 'socially responsible behaviour' can we say that institutionalisation has occurred, DiMaggio and Powell (1983) as cited in Muthuri and Gilbert (2011).

Public relations literature agreed, already in the nineties, to the importance of symbols that represent legitimacy. Public relations, often referred to as the oldest discipline of company-community relations, is interested in analysing relations between companies and the public, from a company's viewpoint. In today's practice, public relations is usually seen as separate from community relations and development, with both starting to emerge as independent professional disciplines. The company's relations with the outside world require legitimacy, and more than solely alongside symbolic legitimacy, the value of these relations is judged by actions in line with the represented symbols. "Symbolic relationships, those that primarily articulate an organization's commitment to its constituents through words and images, must be linked to behavioural relationships that demonstrate commitment through action" (Hall 2009).

In 1999, Hon and Gruning, in *Guidelines for Measuring Relationships in Public Relations*, the authors identified six factors of interest to the study of company-public relationships; trust, control mutuality, satisfaction, commitment, communal relationship and exchange relationship. Hall explains that it is important for companies to understand the impact their PR and community relations work has on the wellbeing of communities and the company itself (Hall 2009). The professional space of public relations is, however, somewhat separate from other work, and it may entail more focus on the effort of relating. Kemp (2010) for example notes that the mining



industry increasingly associates the term community relations with people-centred community development. This reflects the move for community relations towards its integration into CSR practice and away from company-centred public relations (PR). In practice, the gradual shift of community relations results in a professional vacuum. Companies and personnel don't have a clear idea about who is responsible for it and how to distinguish it from public relations and community development (Kemp 2010). "Ostensibly, there are some overlaps, but the theoretical and professional fundamentals of public relations, community relations and community development are different" (Kemp 2010). This finding from the mining industry supports the case for approaching this study of emerging practices in the renewables rollout in South Africa with a wider and more flexible scope than measuring relationships.

Institutional theory is applied to examine CSR, in order to "explain the changing function of CSR as a strategy to achieve legitimation via congruence with the norms and values of the society in which they operate" (Frynas & Stephens 2015). Across the field of political CSR, research either focuses on CSR that "is a deliberate attempt to usurp government regulation" or that is "geared solely towards responding to government policy" or, lastly, CSR that "has clear impact on regulation". A survey of 173 political CSR papers, published between 2000 and 2014, found 52 studies applying institutional theory. When focussing on political CSR, institutional theory generally explores companies as "passive actors who largely adapt to changes in the political environment" (Frynas & Stephens 2015). Only a few of the studies they cite, tried to explain how companies influence policy and politics, and, according to the authors, these studies fail to find explanations in institutional theory. Other researchers pair institutional theory with resource-dependency or actor-network theory to increase the explanatory value of their work.

Multi-theory and multi-level studies of CSR, according to Frynas and Yamahaki (2016), are important to assist in understanding various relations between firms and their internal and external environments. Current methodological challenges require further work to improve the quality of such multi-fashion CSR research. Another future research request asks for more research of micro-level processes, exploring the contribution of individuals to CSR (Frynas & Yamahaki 2016).

Both Campbell (2007) as well as Matten and Moon (2008) as cited in Muthuri and Gilbert (2011) identify CSR institutions as being determined by normative, regulatory and cognitive factors.

Examples (...) include: public and private regulation; the presence of NGOs and other independent organisations that monitor behaviour; associative behaviour amongst corporations themselves; and organised dialogues amongst corporations and their stakeholders.

A study of CSR in Kenya applies these determinants and finds that normative and cultural pressures from Kenyan society outperform regulatory pressures from government (Muthuri & Gilbert 2011). This particular study represents the only (available) application of institutional theory to CSR in Africa.

### ***CSR perspectives on the term community***

The extractives industry has a long history of defining community in a specific way. Their definition has evolved over time but remains problematic and entrenched in a distinct corporate culture dominated by top-down decisions and purposeful engagements. For a long time, the mining industry associated community with a foreign culture, which placed a management task on the company to ensure that their operations in culturally foreign contexts would be successful (Kapelus 2002). In today's world, mining companies are intensifying their focus on communities and local communities in particular. Media attention and civil society complaints about negative local impacts are a threat to companies. The response can be seen in pro-active CSR programmes, which showcase positive local development efforts of companies (Kapelus 2002).

Scholars identify various strategies for the definition of communities in this context, depending on the corporation's motivation for seeking such definition. Companies can be morally or pragmatically motivated to engage with CSR and their motive, will influence how they define and approach a community. According to Kapelus (2002), morally motivated companies can act according to their stakeholder obligations, whereas pragmatic motives lead companies to utilise CSR programmes mainly to minimise costs caused by disruptions. Pragmatic CSR schemes like to perceive communities as accessible as well as clearly structured and represented. Therefore, companies appreciate working through traditional and economic leadership structures, regardless of how legitimate and representative these are. For, companies' logic is to minimise costs and maximise profit (Thornton & Ocasio 2008). Hence, their 'corporate responsibility' will be seen as preferably targeting communities that are directly affected through corporate activities and that are located in proximity to the operation or business (Kapelus 2002). Moreover, as Sihlongonyane concludes in her review of community as a 'buzz-word', community is what you make it out to be. Its position is inevitably at "the intersection of politics, purpose and the future" (Sihlongonyane 2009).

The term community is not only political but more often than not also problematic. Kemp (2010) reviewed reports in which the mining industry is found acknowledging, “that communities are complex, evolving, political and heterogeneous entities [Department of Industry Tourism and Resources (DITR), 2006] but the extent to which management responses reflect this is unclear”. The following chapters reveal how the term community is understood in the rollout of renewable energy, worldwide and in South Africa.

### 2.2.3 Actors create, maintain and disrupt institutions through specific work efforts

The sociological views on institutional theory are worked into the concepts and theories of institutional change, innovation, deinstitutionalization, institutional entrepreneurship and institutional work. Institutional work is an approach to institutional theory, which is by some seen as a potential bridge between old and new institutional economics as it refocuses on the actors. The contribution institutional work research can make is to improve understanding about the effects of actions on institutions.

The concept institutional work describes “the purposive action of individuals and organizations aiming at creating, maintaining and disrupting institutions” (Lawrence & Suddaby 2006). Scholars welcome the new concept as a possibility for “connecting, bridging, and extending work on institutional entrepreneurship, institutional change and innovation, and deinstitutionalization” (Lawrence & Suddaby 2006). “It is appreciated that these three efforts are intertwined and the relationships between them of importance” (Dover & Lawrence 2010). The concept shifts the focus from institutions themselves to the actions influencing them. “By paying attention to institutional work, theorists can avoid the subjective illusion of institutional outcomes and begin to unpack the relational and interactive moments of institutional production” (Lawrence & Suddaby 2006). The ambition of institutional work is to allow for agency of institutional workers to be further explored. This includes paying attention to “nearly invisible and often mundane (...) day-to-day adjustments, adaptations, and compromises of actors” (Lawrence & Suddaby 2006). In other words it explores “*the efforts of individuals and collective actors to cope with, keep up with, shore up, tear down, tinker with, transform, or create anew the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines*” (Lawrence et al., 2011: 53).

Institutional work provides an alternative to the commonly practised study of the interplay between actors, agency and institutions by offering a concept with which to investigate the direction of institutional work efforts, rather than the goal or outcome alone. Institutions and actions have a recursive relationship, which requires appreciation of the (work) process to

explore meaning and intent. Intent as well as effort and unintended consequences require more research attention, according to Lawrence and Suddaby (2006). Institutional work research is growing and, in their view, is an invitation “to move beyond a linear view of institutional processes- to account for, and reflect on, the discontinuous and non-linear processes that take place” (Lawrence et al 2009).

The proclaimed agenda of institutional work research includes three key elements. Firstly, it shall “highlight the awareness, skill and reflexivity of individual and collective actors”; secondly, institutional work should generate “an understanding of institutions as constituted in the more and less conscious action of individual and collective actors”; and thirdly, grow understanding that “we cannot step outside of action as practice- even action which is aimed at changing the institutional order of an organizational field occurs within sets of institutionalized rules” (Thomas B. Lawrence et al. 2009).

Current institutional theory research ends at the point of understanding, without going any further. Action, or in other words agency, is missing. Dover and Lawrence argue on this point that institutional researchers generally prefer the academic ivory tower instead of getting their hands dirty with real world issues (Dover & Lawrence 2010). Consequently, they propose a strong action research agenda in support of institutional work research and efforts going forward (Dover & Lawrence 2010).

This thesis aims to contribute to the theoretical as well as action research agenda in the field of institutional work. The following sections introduce the main concepts and operationalisation of the research.

### ***Institutional work efforts that create institutions***

A substantial review of the institutional theory literature led to the initial introduction of the concept of institutional work in 2006. The review found that the majority of institutional sociological work is concerned with the creation of institutions, and it identified three types of institutional creation work (Lawrence & Suddaby 2006; Thomas B Lawrence et al. 2009). The three types are political, belief and boundary work. Each of these categories is associated with specific forms of how the actual effort of institutional work is conducted. Table 7 presents a summarising list with definitions of the three types and ten forms, as identified by the founders of the concept.

The first type, of institutional creation work is political work, defined as “actions in which actors reconstruct rules, property rights and boundaries that define access to material resources”.

Political work is conducted through advocacy, defining and vesting work. Advocacy consists of actions that result in “mobilisation of political and regulatory support through direct and deliberate techniques of social suasion” (Lawrence & Suddaby 2006). Defining is described as “the construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field” (Lawrence & Suddaby 2006). Vesting entails “the creation of rule structures that confer property rights” (Lawrence & Suddaby 2006).

The second type, is belief work, which involves “actions in which actors belief systems are reconfigured” (Lawrence and Suddaby, 2006). Research finds institutional work challenging beliefs in processes that construct identities, work that changes normative associations, and work that constructs normative networks. Constructing identities is described as “Defining the relationship between an actor and the field in which that actor operates” (Lawrence & Suddaby 2006). Changing normative associations entails “Re-making the connections between sets of practices and the moral and cultural foundations for those practices” (Lawrence & Suddaby 2006). Constructing normative networks is defined as the “Constructing of interorganizational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation” (Lawrence & Suddaby 2006).

The third type is boundary work. It is defined as “actions designed to alter abstract categorizations in which the boundaries of meaning systems are altered” (Lawrence and Suddaby, 2006). Mimicry, theorizing and educating work belong to boundary work. Mimicry is explained as “Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption” (Lawrence & Suddaby 2006). Theorizing entails “the development and specification of abstract categories and the elaboration of chains of cause and effect” (Lawrence & Suddaby 2006). Educating entails “the educating of actors in skills and knowledge necessary to support the new institution” (Lawrence & Suddaby 2006).

**Table 7 Types and forms of institutional creation work towards the creation of institutions. Adopted from (Lawrence & Suddaby 2006; Thomas B Lawrence et al. 2009).**

<b>Types of institutional creation work</b>	<b>Definition of the type</b>	<b>Forms of institutional creation work</b>	<b>Definition of the form</b>
Political work	Actions in which actors reconstruct rules, property rights and boundaries that define access to material resources.	Advocacy	The mobilization of political and regulatory support through direct and deliberate techniques of social suasion.
		Defining	The construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field.

		Vesting	The creation of rule structures that confer property rights.
Belief work	Actions in which actors' belief systems are reconfigured.	Constructing identities	Defining the relationship between an actor and the field in which that actor operates.
		Changing normative associations	Re-making the connections between sets of practices and the moral and cultural foundations for those practices.
		Constructing normative networks	Constructing of interorganisational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation.
Boundary work	Actions designed to alter abstract categorizations in which the boundaries of meaning systems are altered.	Mimicry	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption.
		Theorizing	The development and specification of abstract categories and the elaboration of chains of cause and effect.
		Educating	The educating of actors in skills and knowledge necessary to support the new institution.

The outlined efforts can create new institutions, but efforts can also be directed at maintaining or disrupting existing institutions. Institutional maintenance work and disruption work complete the work forms and types identified by Lawrence and Suddaby in 2016.

### ***Institutional work efforts that maintain institutions***

Institutions require maintenance. The study of maintenance work, through the institutional work lens, offers two types and six forms to choose from. The first type entails ensuring adherence to rules systems. The three forms, through which adherence can be enforced, include, enabling work, policing and deterring. Enabling work is defined as “the creation of rules that facilitate, supplement and support institutions, such as the creation of authorizing agents or diverting resources” (Lawrence & Suddaby 2006). Policing is defined as “Ensuring compliance through enforcement, auditing and monitoring” (Lawrence & Suddaby 2006). Detering entails “Establishing coercive barriers to institutional change” (Lawrence & Suddaby 2006).

The second type of maintenance work involves reproducing existing norms and belief systems. The three work forms include valorizing and demonizing, mythologizing and embedding, and, lastly, routinizing. Valorizing and demonizing is defined as “Providing for public consumption

positive and negative examples that illustrate the normative foundations of an institution” (Lawrence & Suddaby 2006). Mythologizing is defined as “Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history” (Lawrence & Suddaby 2006). Embedding and routinizing are defined as “Actively infusing the normative foundations of an institution into the participants’ day to day routines and organizational practices” (Lawrence & Suddaby 2006).

**Table 8 Types and forms of institutional maintenance work (Adopted from Lawrence, Suddaby and Leco 2009)**

<b>Maintenance work</b> (Lawrence, Suddaby and Leca 2009)		
<b>Type</b>	<b>Form</b>	<b>Definition</b>
Ensuring adherence to rules systems	Enabling work	The creation of rules that facilitate, supplement and support institutions, such as the creation of authorizing agents or diverting resources.
	Policing	Ensuring compliance through enforcement, auditing and monitoring.
	Deterring	Establishing coercive barriers to institutional change.
Reproducing existing norms and belief systems	Valorizing and demonizing	Providing for public consumption positive and negative examples that illustrate the normative foundation of an institution.
	Mythologizing	Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history.
	Embedding and routinizing	Actively infusing the normative foundations of an institution into the participants’ day to day routines and organizational practices.

Institutional maintenance work is complemented by disruption work, which might chronologically find effect prior to creation or after maintenance of a specific institution.

### ***Institutional work efforts that disrupt institutions***

Prior to the creation of new institutions and eventually taking effect in the process of maintaining, disruptive work, whether successful or resisted, will occur. Institutional work scholars study disruption work by looking at three types of work that aim to disconnect sanctions, to disassociate moral foundations or to undermine assumptions and beliefs. Disruption work is not understood to be normative ‘wrong’ or ‘negative’, it describes institutional work efforts that for example disconnect sanctions, which is defined as “working through the state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules” (Thomas B Lawrence et al. 2009). Disassociating moral foundations is described as “disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context” (Thomas B Lawrence et al. 2009). Undermining assumptions and beliefs involves

“decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs” (Thomas B Lawrence et al. 2009).

**Table 9 Institutional disruption work (Lawrence, Suddaby and Leca 2009).**

<b>Disruption work</b> (Lawrence, Suddaby and Leca 2009)	
<b>Type</b>	<b>Form</b>
Disconnecting sanctions	Working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules.
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context.
Undermining assumptions and beliefs	Decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs.

The introduced types and forms of institutional work, in conjunction with the recognised institutional logics of the key actors (government, business and community), provide the framework for this research. The following chapter outlines the methodological considerations for this thesis.



### 3. RESEARCH DESIGN AND METHODOLOGICAL CONSIDERATIONS

*“In sum, what we need are researchers with the competencies to build bridges between science and society” (Almekinder et al 2003).*

The starting point of this research was a transdisciplinary ambition. Research constraints, including time available and institutional capacity to support a transdisciplinary research process, transformed this work into a research project grounded in action research instead. The following chapter presents the methodological assumptions, research cycles, and applied research methods as well as action research agenda.

#### 3.1 Research questions and research aim

This thesis analyses the actions of key actors (government, companies and communities) in the implementation of community benefits in the REIPPPP. Community development and CSR literature are taken into account when investigating the intent and effort of the actors in the shaping of institutional arrangements to implement the community requirements of the procurement programme. Action research guides the iterative research and inductive data coding and analysis process.

The research aims to contribute insights about the evolution of institutions, and of work to this effect, in the implementation of the REIPPPP's community benefit requirements. The units of analysis are wind and solar projects while the theoretical units of analysis are actions of institutional work. The intention is to increase capacity for self-awareness amongst the relevant stakeholders, supporting institutional reflexivity through experiential surfacing of experiences. This ambition is the foremost action research objective, which is spelled out in more detail in the next section.

The different relations amongst these three main (stereotype) actors, and consideration of additional relevant actors, are investigated through four research questions. One main question guides the enquiry. **How are government, companies and communities shaping institutions in the implementation of the community renewables in South Africa?** Three theoretical questions enquire further: How do the different logics inform the institutional work performed by the actors? How do the different institutional logics define the views actors hold on community renewables? How do symbolic and experimental legitimacy interact?

Each research step is further paired with two sub-questions. The relevance of these questions is not limited to the respective research steps, but answers are mainly derived from the data and

information analysed in each step. A final question enquired about reflection on the research motivation.

**Table 10 Research questions**

RESEARCH QUESTIONS		
Overall question		
1.	How are government, companies and communities shaping institutions in the implementation of community renewables in South Africa?	
Theoretical questions		
1.1	How do the different logics inform the institutional work performed by the actors?	
1.2	How do the different institutional logics define the views actors hold on community renewables?	
1.3	How do symbolic and experimental legitimacy interact?	
Research operationalising questions		
2	What are the requirements for community benefits in the REIPPPP?	Research step 1: Analysis of procurement documents
2.1	Who is influencing the institutions?	
3	What commitments and approaches do bidding companies propose and develop in response to these requirements?	Research step 2: Review of bid documents
3.1	What work are actors doing to influence institutions?	
4	What practices are emergent in the implementation of community benefits?	Research step 3: Field work in case study projects
4.1	Why are actors influencing institutions in a specific way?	
5	How can I reflect on my own institutional work in the context of the action research agenda?	Reflective question

The theoretical research questions drive three research steps, which are presented in the following section.

### 3.2 Research steps and methods applied

The three research steps include the analysis of the procurement documents, a desktop review of the submitted bid documents and fieldwork in case study projects.

The research methods employed in the collection of information include desktop reviews and interviews. Table 11 identifies the key factors influencing the data collection process including the technique employed, language communicated in to access the information, physical location where the information was collected, access to the information how the information was processed and analysed.

**Table 11 Description of information collection conditions**

<b>Description of the information collection conditions</b> (adopted from Example, Kemp and Owen 2013)	
<b>Research step</b>	<b>Research method</b>
<b>Procurement documents</b>	<b>Description</b>

Technique	Desktop review
Language	English
Location	University of Cape Town
Access	Public Access to Information Act (PAIA) request supported by the organisation Open Democracy
Format	Soft copy of documents accessed through colleagues; the requested printed documents were lost in the post according to the Department of Energy.
Analysis	Content analysis
<b>Bid documents</b>	<b>Description</b>
Technique	Desktop review
Language	English
Duration	One week
Location	IPP-offices in Johannesburg, South Africa
Access	Negotiated and protected through various legal confidentiality agreements, which were signed in private capacity.
Process	Analysis conducted under observation, no recording permitted, findings submitted to IPP-office for comments and subsequent release for publication.
Analysis	Content analysis, quantitative calculation of Rand values to establish aggregated results
<b>Interviews</b>	<b>Description</b>
Technique	Individual interviews, face-to-face and telephone and skype and observations
Language	English
Instrument	Semi-structured interview protocol, observation of meetings and workshops
Duration	45-90min per interview/conversation
Location	On-site at the IPP-project, in company office, at neutral place (coffee shop, airport, conference)
Recruitment	Voluntary, confidential (protected through non-disclosure agreements)
Recording	Audio recordings and transcripts through third party
Analysis	Thematic coding for themes and sub-themes, supported by Atlas.ti
<b>Workshop reports</b>	<b>Description</b>
Technique	Desktop review
Language	English
Location	Home office in Cape Town
Access	Author's involvement in workshop report writing, public documents
Format	Soft copies
Analysis	Thematic coding for themes and sub-themes, supported by Atlas.ti

Each of these research steps took place in a specific context and with particular research methods. The following outlines each research step and the respective data collection and analysis methods applied.

### **3.2.1 The first research step analyses the procurement documents**

The procurement documents of the REIPPPP are confidential. In 2012, the University of Cape Town's Energy Research Centre (ERC) gained access to them through a Public Access to Information Act (PAIA) request. Despite the achieved access, the documents remain inaccessible to the wider public. This first research step analyses the documents with regard to the required community benefits.

#### ***Data collection***

Access to the documents was facilitated through the described PAIA request. The Department of Energy requested a payment of R1 500 in exchange for the documents, justifying the amount as pf printing. The digital version of the documents was therefore provided through research supporters and is used for the analysis.

#### ***Data analysis***

The qualitative analysis of the documents identifies the requirements that stipulate benefits for local communities.

### **3.2.2 The second research step reviews the community benefit commitments in bid documents**

The second research step establishes the kinds of community development schemes IPP projects proposed to government in their bids. The procurement programme is handled by National Government under strict rules of confidentiality. The IPP-office is the custodian of the programme and its secrets. However, it was possible to negotiate a research collaboration with the IPP-office. The collaboration was conditional on the signing of confidentiality agreements, including a two-year restriction of trade as well as specific conditions under which approved information can be published. UCT's legal advisors advised against signing the agreements, but I decided to sign them regardless. Subsequently, the IPP-office granted access to selected information about the procurement programme, which supported my research intention enormously. The fact that the IPP-office agreed to collaborate with me is positive feedback regarding the relevance of my research.

#### ***Data collection***

Inside the IPP-office, access was provided to quantitative procurement data on the monetary commitments for socio-economic development, enterprise development and local ownership.

The analysis also includes the actual bid documents submitted to the IPP-office. Any information that the projects were selected as preferred bidders in the first three windows of the REIPPPP, disclosed in their bids about proposed community benefit schemes is noted. All submitted and approved bid documents at that point (Feb 2014) are analysed, a total of 64 bids. The attempt to collect additional information through an industry survey in collaboration with the working group on communities for wind of the South African Wind Energy Association (SAWEA) failed due to a lack of response.

### ***Data analysis***

The accessed procurement information is qualitatively and quantitatively analysed. Investment commitments are summed up and aggregated to provincial and technology specific figures. Information about proposed community benefit schemes is collected through a qualitative analysis of the socio-economic development plans submitted by bidding companies. The analysis seeks to identify differences and similarities between project proposals to group projects. The qualitative analysis develops a categorisation of all approved IPP projects (64 projects in Feb 2014). The categorisation is discussed during a multi-stakeholder workshop facilitated and hosted by SAWEA in June 2014<sup>5</sup>. These categories create the foundation for the third research step.

#### **3.2.3 The third research step explores implementation experiences in projects**

In this step, case study projects selected from each category are studied in depth through site visits and interviews. The relevance of the identified categories and appropriateness of this research step are discussed with members of the industry. Various companies allow me to study their projects and conduct interviews with management and employees. Interview partners expressed further supportive feedback for the relevance of the enquiry.

### ***Data collection***

The data collection process required preparation. The preparation included UCT's ethical approval process and, in some case studies, legal negotiations concerning non-disclosure agreements. The interview partners include various representatives of project companies, local communities, government and not-for profit organisations and initiatives.

Conversations held in the semi-structured interviews were recorded and transcribed. The transcripts have been edited for clarity. Sentences and repeated words (more than two repetitions) have been amended. The transcripts that identified the interviewee as of a particular

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<sup>5</sup> Details about the workshop, its participants and discussed content is provided in Chapter 6.3.2 of this thesis.

mother tongue other than an official South African language, grammar and sentence structure were modified so as to conceal the identity of the interviewee, as agreed with the respective individuals and organisations.

Not all interviewees were comfortable with having the conversations recorded. Such interviews were captured through note taking or were conducted in writing through email exchanges. All but four email interviews were held face-to-face. Notes capture informal conversations and group discussions as well as topical workshops attended during<sup>6</sup> the research.

Table 12 lists the case studies and references assigned to the interviews analysed and quoted in this research. The following findings chapter will use these references to indicate the source of specific quotes and information. In the table, the tick assigned to some stakeholder interviews indicates that conversations and possibly even a formal interview were conducted, but the content cannot be referred to. Such information provides background information only and is not part of the theoretical analysis. In support of anonymity of the case study projects, the interviews with local government are disassociated in this table. Local government respondents interviewed are involved in more than one case study.

Abbreviations used in Table 12:

CS- Case study

IPP- Independent Power Producer

CLO- Community Liaison Officer

ED – Economic Development manager

SED/ED CON- Socio-economic development and/or Enterprise development consultant

COM- Member/leader of the beneficiary community

TRU- trustee

LG- Local government

Prov Gov- Provincial government

Dev Age- Development Agency

Ext Indu- External industry (industry different than renewable energy)

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<sup>6</sup> Table 29 lists the workshops attended and contributed to in the context of this research.

**Table 12 Interviews conducted in case study projects**

Field work information collection in case study projects (March 2014- February 2015)					
ID	Developer/ Project company/ Project manager	Community liaison/ Economic development manager or Consultant	Beneficiaries/ Community	Trustee on community trust	Local/ Provincial Govt
CS1	CS1_IPP_2012	CS1_CLO/ED_2014, CS1_CLO/ED and COM_2014	CS1_COM_2014, CS1_COM_1_2014, CS1_COM_2_2014	no trust	✓
CS2	CS2_IPP_2014	CS2_CLO/ED_2014	not permitted	not permitted	✓
CS3	✓	CS3_CLO/ED_2014	✓	n/a	✓
CS4	n/a	CS4_CLO/ED_2014	not permitted	✓	✓
CS5	n/a	✓	n/a	n/a	✓
CS6	✓	CS6_CLO/ED_2014	CS6_COM_FG_2014, CS6_COM_1_2014	no trust	✓
CS7	CS7_IPP_2015	CS7_CLO/ED_2014	n/a	no trust	✓
CS8	CS8_IPP_2015	CS8_CLO/ED_2015, CS8_SED/ED CON_2015	✓	CS8_TRU_2015	n/a
CS9	CS9_IPP_2014	n/a	✓	CS9_TRU_FG_2 014	n/a
CS10	n/a	CS10_CLO/ED_2015	n/a	n/a	n/a
CS11	✓	n/a	n/a	n/a	n/a
CS12	CS12_IPP_2014	CS12_SED/ED CON_2014	✓	CS12_TRU_201 4	✓
CS13	not permitted	not permitted	CS13_COM_2015	CS13_TRU_201 5	n/a
Local government interviews		LG_1_2014	LG_2_2014	LG_3_FG_2014	
Provincial level government		PROV GOV_2014	DEV AGE_2014		
Extractive industry community staff		EXT IND_2014			

### ***Case study selection***

Projects are selected as case studies according to their grouping in the categorisation of community benefit schemes, as studied in the bid documents in the second research step. The inductively generated categorisation therefore guides the case study selection. Engineering aspects of projects such as electricity generation capacity or type of renewable energy technology were ignored as they were assumed as crucially influencing the type of relationships that projects establish in the implementation of community benefits. Projects were studied, through site visits and in some instances participatory observations of meetings. Interview partners include the executives of project companies, economic development managers, community liaison staff,

contracted development consultants, community development trustees, leaders of not-for profit organisations, and government representatives on local and provincial level. Additional interviews and informative conversations were held with community professionals in the extractive industry and staff of the IPP-unit. All data in this research step was collected between April 2014 and February 2015.

### ***Date analysis***

The case study material collected is analysed for content.

The analysis is guided by the original intent of the constant comparative method, but follows contemporary grounded theory coding. The constant comparative method was developed by thought leader of the grounded theory, Barney Glaser. The process is iterative, commonly used for the analysis of qualitative data, and entails four stages. It classically involves the “comparing incidents applicable to each category, integrating categories and their properties, delimiting the theory, and writing the theory” (Glaser 1965). The constant comparative method is used to “establish analytic distinctions and thus make comparisons at each level of analytic work” (Charmaz 2006).

Thus, topics discussed in different interviews are compared, as are statements about this topic made by the same individual or observed in the same case study project. While using the constant comparative method, Kathy Charmaz, a contemporary grounded theorist, advises the application of ‘grounded theory coding’. “Coding is the pivotal link between collecting data and developing an emergent theory to explain these data” (Charmaz 2006).

Grounded theory coding sees a first phase of initial coding is followed by focused coding. Initial coding works closely with the data, line for line in the case of text data. Coding involves “categorising segments of data with a short name that simultaneously summarises and accounts for each piece of data” (Charmaz 2006).

While taking the data apart and assigning abstract codes to the pieces of data, the question ‘which theoretical categories might these statements indicate?’ guides the process. According to Charmaz, a research study that fits the empirical world has “constructed codes and developed them into categories that crystallize participant’s experience”. Codes can either be words assigned to a section of the analysed text or words taken from the text. The second phase is focused coding. “*Focused coding means using the most significant and/or frequent earlier codes to sift through large amounts of data. Focused coding requires decisions about which initial codes*



*make the most analytic sense to categorize your data incisively and completely*" (Charmaz 2006). Following this route, theoretical coding allows for the relationships between codes and code families to be identified and interpreted in relation to the theoretical framework.

Atlas.ti is a software that allows the organisation, merging and connecting of codes and easy identification of quotations and other relevant information in the material to be traced. The coding process covered various materials collected for each case study. The code list was gradually improved mainly through merging of codes. Code families provided a holding-space for codes on a specific concept. A third level of coding connected the theoretical assumptions with the data. The findings chapter presents the derived second level codes, in this research referred to as code groups.

The findings are presented in qualitative fashion. Due to the small number of cases studied, quantifying of this content is not appropriate. In fact, the quantification of qualitative information, especially drawing on only a few cases, bears risks for the (perceived) quality of the research. Reviewers might assess the research from a quantitative point of view because they are facing numeric information, and percentages, representing only a small number of cases, might mislead readers; the experiences studied might be misrepresented or not receive adequate attention at all (Pratt 2009; Patton 2015). In order to avoid such risks, this thesis presents its qualitative research findings in a qualitative fashion, focussing on substantive significance.

The following sections speak about action research ambition and relevant matters of positionality that are both guiding this study.

### **3.3 Action research and positionality**

Early on, the founders of institutional work anticipated that their concept would not only have a connecting function between the various concepts of institutional theory but also link the academy further with questions faced by practitioners inside institutions. They hoped, "that shifting the focus on the practical work of actors in relation to institutions will help lead to an easier and more compelling translation of institutional ideas into non-academic discourses" (Thomas B. Lawrence et al. 2009). At that time, the authors suggested linking institutional work with action research. They identified common ground between the two, as "both approaches emphasize the need to understand the interaction of social structure and agency in creating conditions for stability and change" (Dover & Lawrence 2010).

Action Research has its roots in the 1930s, and various epistemological understandings of it have developed over time. Three elements are common to all understandings, without these, following Greenwood and Levin (2007), a process does not qualify as Action Research. Action, research, and participation are fundamental to all AR processes, while the definition and operationalisation thereof differs according to AR approach and scholars involved (Greenwood and Levin 2007).

Two main camps exist, with a number of divides in each of them. One camp, referred to as interpretative action research, “believe that the proper way to do research is for an external researcher to watch and report on what other practitioners are doing” (McNiff and Whitehead 2011). The other camp was founded by Jack Whitehead and is called self-study action research, first-person action research, living theory action research or simply action research. It follows the belief that “a practitioner is able to offer their own explanations for what they are doing” (McNiff and Whitehead 2011). Despite the clear distinction, in particular considering the resulting different understanding of theory, positions in the middle are a common occurrence (McNiff and Whitehead 2011).

So it is usual nowadays to understand the word “theory” in two ways: as an abstract propositional form about what is happening for other people; and as an embodied living form about what is happening for me.” (McNiff and Whitehead 2011).

The latter is called living theory. This thesis is positioned in the middle, with the critical theories that are rooted in emancipatory and evaluatory theory. From another perspective, this work is ‘third-person action research. Reason and Bradbury (2008) formulate a typology of first-, second- and third-person action research, assigning third-person research to an ambition to “[influence] wider social systems, and to create” (Reason and Bradbury 2008).

AR guides research through a framework and various techniques. AR research designs incorporate the establishment of conversation arenas for stakeholders to discuss and reflect on practice. Emerging research results are fed back into these arenas, for further reflection and stimulation of knowledge generation. These techniques are associated with certain schools of AR- as by Levin and Klev 2000- they see these as work to construct learning areas.

I agree with (Anderson et al 2007) who state that

practitioner action researchers define their work differently [to conventional social science] in that their research is all about delving deeply into areas and sites in which they are already involved with the intention to disturb the setting they investigating. Although objectivity is not the goal, practitioner action researchers undertake deliberate,

systematic enquiry to generate understanding based on evidence” (Anderson et al 2007) Anderson and Jones 2000) cited by J.L. Anderson and K. Herr in Thomson and Walker 2010- *The Routledge Doctoral students companion*).

“Methodologically speaking, the research was conceived as a movement towards the problem field” (Roose and De Bie 2003 in *Research in Action* 2003), in which the level of understanding increased by examining concrete practices of renewable energy projects. Institutional work falls short for the purposes of this research as the concepts speak primarily to an academic audience (Dover & Lawrence 2010). Institutional work research is still dominated by “the experience of doing institutional work itself rather than on the kind of work involved in pursuing experiential institutional end goals” (Nilsson 2015).

This research has the primary intention of increasing the level of information available about institutions, specifically, information that results from the institution’s efforts to implement community benefits associated with the REIPPPP. Guidance as to what kind of institutions should be created is insufficiently available to actors. Additionally, there is uncertainty within both government and industry about appropriate ways of implementing the stipulated requirements and monitoring having created an environment in which actors test different approaches. Therefore it is a given that actors should experiment with the creation of institutions. Yet, as Nilsson (2015) argues, such institutional work processes, even though of particular value to institutional work’s emancipatory agenda, are currently under-researched and further engagement is needed with the ‘experimental nature’ of institutional work.

As argument is being made that experimenting fosters learning. However, a prerequisite is that the experiments or rather individual lessons are known to the actors. Nilsson brands this ‘experiential surfacing’. “If something is socially invisible it can’t be socially evaluated. So a key dimension of positive institutional work must involve surfacing and sharing the inner experiences of field members” (Nilsson 2015). Nilsson developed a framework for positive institutional work, which is a step ahead of what can be gained from this research, given its context, which is characterised by the fact that even basic experiential surfacing is highly constrained.

The outlined methodological considerations open this research to a broad audience. Since the identified need and intention behind this research is to foster understanding of the institutional consequences related to the community benefit requirements in the programme and the

emerging practices of the key actors involved, its audience comprises industry, government and community members as well as academics.

This research was designed and implemented following an action research (AR) agenda. Institutional expectations on this thesis document however limit the extend of the account of this agenda. Therefore the following sections are limited to the presentation of an overview of the action research ambition. At the core of such an AR undertaking there lies a specific intention and the motivation to effect change through research. Commonly, a full account of this kind of research project, its findings and impact involves an inward-looking documentation of activities, personal learning and reflection. Putting such a record into effect, within the given context, the next section presents my action research plan as well as reflections on my personal role as an institutional worker.

I associate action research mainly with the first half of my PhD time, from May 2014 until May 2015. During this year, I presented, discussed, advised and shared my insights and learning with immediate and wider REIPPPP stakeholders. The second half, from June 2015 until September 2016, I focussed on the thesis writing process.

It is good practice to define an action research intention by drawing up an action research plan. This plan helps to raise consciousness within the researcher about the action agenda as well as spells out underlying assumptions and values. My plan reads as follows.

### **What is my concern?**

I am a doctoral student with a broad mandate that I have given to myself. I have been working in a professional academic capacity on the developmental spending that renewable energy projects are bound to do. I am concerned to help maximise the developmental benefits from this spending and to minimise any unintended negative consequences. A scholarship allows me to spend 100% of my time on doctoral work. My intention is to a) produce a thesis which can be used as an academic baseline report against which subsequent research can assess and explain impacts, and b) contribute to capacitating the various stakeholders to identify challenges, seek appropriate support and share experiences.

### **Why am I concerned?**

I am concerned because these investments going into local communities over the next 20 years are significant. I believe that careful consideration of the country's development goals and corporate practice is required to ensure the funds are governed and spent in a beneficial way. The current situation in the sector is lack of guidance and of collaboration between stakeholders. I see

a real risk for conflict over and mismanagement of these funds. At the same time, the funds provide a great opportunity to alleviate poverty and inequality if invested strategically and with a long-term vision.

### **What kind of data do I gather to show the situation as it is?**

My research entails collecting information on the commitments made by companies towards the stipulated developmental elements in the procurement programme. I have grouped all 64 approved IPPs into 7 categories, according to preliminary institutional arrangements outlined in their bid proposals. I will study a selection of projects, to document how the plans unfold in practice.

### **What can I do about it?**

I can try to motivate those participating in the procurement programme to collaborate and to share experiences. I can help organise and inspire conversations/discussions through, for example, workshops and I can connect individuals important to the conversations with each others.

### **What will I do about it?**

I will continue to gather information about the unfolding situation on the ground, challenges and mainly the various approaches to institutional arrangements under implementation. I will continue sharing and publishing emerging findings from my research through conversations and presentations. I will continue engaging with the various stakeholders including national government, civil society and private sector, the industry associations and other relevant and interested parties.

### **How will I gather data to show the situation as it unfolds?**

Workshops are minuted and workshop reports published. Interviews with case study informants are transcribed and analysed. Institutional changes and decisions are observed and documented (i.e. establishment of SAWEA working group, conferences organised by stakeholders etc.).

### **How will I evaluate my potential influence?**

Openness to my research investigations and the willingness to participate would be strong indicators of the appropriateness and quality of my work. Participation of private sector stakeholders either through workshop attendance or willingness to be studied as a case study would show me whether my work is relevant. Interest and openness from government to my work would indicate that there is a chance to influence their mindset and policies. Achieving

access to the procurement unit's data would be seen as positive feedback, for example, as would be their proactive communication declaring the wish to participate in workshops.

### **How will I ensure that any conclusions I reach are reasonably fair and accurate?**

My validation group includes a group of trusted colleagues, who are all involved in the sector. The group includes a development facilitator, a development consultant and three academics from various disciplines.

Also since my ambition incorporates many different people and organisations, unfair or inaccurate acting on my behalf would be detected and mentioned or at least result in withdrawals in terms of their engagement and participation.

### **How will I test the validity of my claim to knowledge?**

I am testing my knowledge through presenting and discussing it within the sector and other interested audiences.

### **How will I modify my concerns, ideas and practice in the light of my evaluation?**

I will adjust through changing avenues of communication and connection. That is, if my practice is found inappropriate or not helpful, I will try to find other ways to stimulate debate and solution seeking processes among affected stakeholders.

This method chapter is concluded by selected reflections about my role as institutional worker in the context of this research project.

#### **3.3.1 Reflections about my role as institutional worker**

Through this research process, I have actively engaged in work towards the creation, maintenance and disruption of institutions associated with the research topic. I did however not analyse my presentations to groups or my feedback to individuals regarding specific institutional work forms. Table 12 outlines the verbal and written contributions I have made, presenting emerging research findings and making recommendations.

The core intention, though, of this study was to share all emerging insights, widely and to the benefit of greater awareness about the stakeholder experiences associated with the implementation of the community benefits, relates to the ambition to enhance experiential surfacing and ultimately reflexivity. This intention has been translated into the convention of workshops, presentations at meetings and conferences organised by others and in written contributions. It has also entailed various connections and introductions between individuals and organisations, all involved or affected by the topic of the research.

**Table 13 Presentations and publications prepared during the research**

<b>Event or publication</b>	<b>Format of my contribution</b>	<b>When</b>	<b>Where</b>
<b>Pre-PhD 2012</b>			
Civil Society Energy Caucus	Verbal	Oct	Cape Town
Windaba Conference	Verbal	Nov	Cape Town
<b>Pre-PhD 2013</b>			
Workshop report	Written	April	
SAPVIA Networking event	Verbal	June	Cape Town
Workshop report	Written	Aug	
DoE and IPP-unit discussion	Verbal	Aug	Johannesburg
Civil Society Energy Caucus	Verbal	Oct	Cape Town
Windaba Conference	Speech	Nov	Cape Town
IIED Research	Research report	Dec	
<b>Action Research time 2014</b>			
PhD Proposal defence	Verbal	April	Cape Town
Energy Blog page on Energy & Communities	Written	May	
SAWEA Workshop	Verbal	May	Johannesburg
EC Sustainable Energy Forum	Verbal	July	East London
SA Sociology Congress	Verbal	Aug	Port Elizabeth
Windaba Conference	Verbal	Nov	Cape Town
Windaba press conference	Verbal	Nov	Cape Town
WWF report review meeting	Verbal	Nov	Cape Town
<b>Action Research time 2015</b>			
WWF RE Festival	Verbal, Brochure	March	Cape Town
WWF report	Research report	April	Cape Town
SANBI	Verbal	August	Kleinmond
SAIREC	Verbal	Oct	Cape Town

In the course of my fieldwork, and actually prior to that when I analysed the bid documents and quantitative commitments at the IPP office, I undertook deliberate efforts to share emerging findings with specific people and organisations. The value of SED and ED commitments across the sector, per technology and province is a first example. Collective commitments were unknown until that point. I therefore shared my figures with the industry associations that showed an interest. The numbers found use in their press releases and other media engagements. A second example is individual feedback. I agree with interview partners to a form of feedback and learning support that they could determine. For some corporate interviewees that could be a verbal or written reflection about their practices and approach to working with local communities. In other cases, I would agree to assist with my knowledge in the discussion of a community trust meeting. Sometimes, all that was asked of me was to involve a few young people from the community in my interview, to provide them with an opportunity to experience research and voice their opinions. Another situation required me to simply stay in touch and carry with me into ‘meetings in the city’, the ideas and challenges discussed ‘in the village’. The most challenging request arrived to me in a community that was in conflict with the local IPP. While this request still lives with me, then, I was relieved to respond very honestly, explaining that I have nothing to offer in

terms of practical and immediate support beyond my advice in this situation. Less open, but nevertheless intriguing was the request by government to share my findings ‘from the ground’. Luckily, somewhere in between new bidding rounds and poor internet access while on the road, this request was never formalised.

A further avenue to share my research findings, is writing. I published three texts during the course of my research. One brochure, which informs the general public about REIPPPP’s community benefit requirements was aided by engaging visuals. The brochure was designed and printed for the WWF Renewable Energy Festival in March 2015. A second document was compiled and published for WWF. It is a research report, summarizing my emerging research findings. Thirdly, I wrote a short article for the Blog ‘The Conversation’, emphasising the need for collaboration in the RE industry around community development.

The engaged research also led to various attempts to motivate and apply for funding, to resource a programme of support for the industry and REIPPPP’s community development efforts more holistically. In this effort, I engaged with academics, local and international donors and not-for profit organisations, government bodies and industry, individually and through the associations. I was involved in about a dozen proposals, none of them beared any fruits. When it became obvious that an organisational effort is required, to convene conversations and coordinate support measures, I co-founded a not-for profit organisation, the Transformation Energy Trust.

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The following chapters present the findings of the analysis of the procurement documents, the review of project bid documents, and fieldwork in 13 case study projects.

The first research step analyses the REIPPPP’s procurement documents. The analysis identifies the programme’s institutional logics, according to the state, company and community logics. Government leads institutional work efforts through creation and maintenance work; it also controls the degree of reflexivity amongst the programme’s actors.

The second step reviews the bids submitted and approved in the first three procurement rounds. The review reveals quantitative and qualitative information, informing about both the collective financial resources committed against the programmes community benefit requirements and about the schemes through which companies plan to govern and invest the resources. Various institutional logics relate to the proposed schemes and companies present themselves as dynamic actor of institutional work efforts. Reflexivity is enhanced, but, a collaborative spirit is missing.

In the third research step, project stakeholders are interviewed. The interviews produce an account of the emerging practice across projects as well as detailed insights into the logics and



institutional work influencing the implementation of community benefit schemes in the studied projects. Further, the analysis of the interviews and workshop reports shows that reflexivity is increasing amongst companies. On the down side, communities appear to merely benefit, but certainly not participate, in the discussions that surface experience and that foster learning.

#### **4. GOVERNMENT SHAPES INSTITUTIONS THROUGH COMMUNITY BENEFIT REQUIREMENTS**

The following presents in detail the evidence found through each research step; it also generates answers about how the key actors, government, companies and communities, shape institutions when implementation community renewables.

The original version of the Request for Proposal (RFP) document for the REIPPPP is a thick document. On 180 pages, the Department of Energy outlines the procurement rules for the programme. The RFP is confidential and accessible to registered bidders against a fee of R17 000. The document states none of its content shall be shared without the Department's permission.

23.1.1 This RFP contains confidential information regarding the IPP Procurement Programme and or the Department. By collecting this RFP, the Bidders agree that they:  
23.1 (...) 23.1.1.2 subject to the above clause, will not divulge or distribute any information in respect of this RFP or pass on any copies of this RFP without the prior written approval of the Department and will return this RFP together with all copies thereof to the Department promptly upon being requested to do so.

The University of Cape Town, in collaboration with the Koeberg Alliance and the none profit organisation Open Democracy, requested access to the documents from the Department of Energy, which was granted based on the Public Access to Information Act (PAIA) (reference number or so?). The access enables researching and publishing of the procurement details.

The RFP outlines in Part A the general requirements, rules and provisions, in Part B the qualification criteria appear, and in Part C the evaluation criteria are enumerated. Part A, in six volumes, includes legal, technical, financial and economic development requirements. The last volume speaks to funder specific funding and financing issues. For this research, Volume 5 of each Part is of most interest. The Volume has three Appendices (S, T and U), which provide bidders with "Economic Development Goals and Instructions to Bidders, Economic Development Scorecard and Matrix per Technology".

The RFP introduces the background of the Economic Development Objectives for the REIPPP.

12.1.1.1 The Department recognises that the IPP Procurement Programme is inherently excellent for achieving socio-economic objectives. Economic Development is one of the imperatives of the Department in the IPP Procurement Programme.

12.1.1.2 Renewable Energy is recognized internationally as a major contributor in protecting our climate, nature and the environment as well as providing a wide range of environmental, economic and social benefits that will contribute towards long term global sustainability. For this reason, the Department has developed the Economic Development objectives aimed at maximising the achievement of the socio-economic objectives from the IPP Procurement Programme.”

The document provides a list of *legislation and policy instruments*, which have been considered when drafting the Economic Development objectives.

**Table 14 Legislation and policy instruments influencing the Economic Development objectives of the REIPPP**  
(Source: adopted from DoE 2011)

<b>Legislation and policy instruments influencing the Economic Development objectives of the REIPPP</b>	
1	Constitution of the Republic of South Africa, 108 of 1996 (" <b>Constitution</b> ")
2	Broad-based Black Economic Empowerment Act, 53 of 2003 (" <b>BBBEE Act</b> ")
3	BBBEE Codes of Good Practice published pursuant to the BBBEE Act, 2007 (" <b>BBBEE Codes</b> ")
4	White Paper on Renewable Energy, 2003 (" <b>White Paper</b> ")
5	NERSA Application for an Electricity Generation Licence in terms of the Electricity Regulation Act, 2006 (" <b>Application for an Electricity Generation Licence</b> ")
6	New Growth Path published by the Department of Economic Development (" <b>NGP</b> ")
7	Accelerated Shared Growth Initiative of South Africa (" <b>ASGI-SA</b> ")
8	National Industrial Policy Framework (" <b>NIPF</b> ")
9	Industrial Policy Action Plan 2011/12 – 2013/14 (" <b>IPAP</b> ")

The DoE’s intention is to address in particular high unemployment, the skills shortage and related education challenges through these requirements. The Department evaluates project bids “in accordance with the 70/30 points system”, giving the price offered 70 points and Economic Development commitments 30 points out of 100 (DoE, 2011). It also plans to monitor and potentially penalise through *Termination Points* in the case of non-compliance, based on the agreements made in the bids and Implementation Agreements.

12.1.2.9.2 The IPP Procurement Programme also requires that the Economic Development commitments of the Bidders be contractually binding and contemplates that they be dealt with in the Implementation Agreement. In addition to setting out the Economic Development requirements, the IPP Procurement Programme Economic Development Policy provides for reporting and monitoring in relation to Economic Development commitments. (DoE, 2011)

The RFP requests bidders to commit certain performance towards Economic Development. Seven different criteria stipulate quantitative thresholds and targets between which bidders have to position their bids. Four of these criteria, including job creation, enterprise development (ED), socio-economic development (SED) and local ownership, stipulate commitments to local communities. Settlements in a 50km radius around the project site are potential beneficiaries of these commitments (DoE, 2011). This research focuses on the design and implementation of SED, ED and local ownership measures and does not focus on job creation within local communities.

**Table 15 Summary of Economic Development requirements researched in this thesis (Source: adopted from DoE, 2011)**

<b>Abbreviation/ commonly used term</b>	<b>Definition of the <i>Economic Development Elements</i> related to according to RFP</b>	<b>Explanation of the term as in RFP, Volume 5</b>	<b>Weighting (out of 100%)</b>	<b>Measurement</b>	<b>Threshold</b>	<b>Target<sup>7</sup></b>
Socio-Economic Development (SED)	Socio-economic development, which attempts to address the socio-economic needs of emerging enterprises and those emerging enterprises located in Local Communities.	Means the initiatives carried out by a Measured Entity towards the promotion of access to the economy by Black People;	15%	Socio-Economic Development Contributions * 100 / Revenue	1.0%	1.5%
Enterprise Development (ED)	Enterprise development, which focuses on the development of emerging enterprises, and those emerging enterprises located in Local Communities; and	Means initiatives (which include monetary and non-monetary initiatives), carried out by a Measured Entity to assist and accelerate the development and sustainability of other enterprises, financial and operation independence of other enterprises;	5%	Enterprise Development Contributions * 100 / Revenue		0.6%
Local ownership	Ownership, which requires ownership by Black People and Local Communities in the Project Company, and ownership by Black People in the Contractor responsible for Construction and Operations Contractor;	Means the effective ownership of shares in a Measured Entity, measured in terms of Shareholding;	15%	Shareholding by Local Communities / Total Shareholding	2.5%	5.0%

<sup>7</sup> The threshold and targets were interpreted differently in bid window three onwards. A floating target allowed for higher commitments and benchmarking against the highest performance in the project selection.

The procurement documents stipulate that SED plans should consist of a needs analysis of the communities surrounding the project site and a plan showing how to meet these needs utilising the funds allocated towards economic development. The rules continue outlining monitoring and reporting requirements. Approved bidders have to submit quarterly reports, substantiated with appropriate proof (e.g. ID documents of employees or invoices of service providers). These reports need to outline the quantitative or monetary achievements met by companies (DoE, 2011). Government's institutional logic, as outlined in the following section, guides these requirements.

#### **4.1 Government tasks companies to identify community beneficiaries for renewables projects**

The key actors include government, as procuring organisation, and companies as contract partners. According to Thornton's system types, the IPP-office, energy companies and affected local communities present different attributes in relation to the REIPPPP. Government, represented by the IPP office and the Department of Energy, sets the rules for the procurement programme. Energy companies, once appointed as preferred bidders, have contractual obligations to generate electricity and fulfil their development commitments. Communities feature as beneficiaries provided they are located within proximity of an IPP project (50km radius). The source of legitimacy lies for government in the competence and mandate to ensure energy security for the country, for energy companies again in the appointment as preferred bidders, and for communities in their location. Similarly, the source of authority is determined through the procuring task (Government), status as preferred bidder (companies), and for communities in their listing as beneficiary communities in an appointed company's bid. Companies source their identify from the construction and operations tasks they carry out; communities on the other hand depend on companies to inform them about their role as beneficiary community. The basis of norms is for government related to its citizenship in the nation, for companies this is employment, and for communities it is residency in a specific area. The basis of attention for the three actors lies in the responsibility for rule setting, status as development donor, and personal representation as community development actor; for government, companies and communities respectively. In the same order, the basis of strategy is associated with the intention to meet the country's electricity demand, generate profit through successful operation of an IPP project, and with the intention to benefit from an IPPs development commitments. Communities have an informal control mechanism, which is the assumed social control through representing and controlling leadership structures. Lastly, companies act within a REIPPPP-specific economic system that is compliance and reputation driven. Communities

depend on specific IPPs and are largely confined to the role of beneficiaries. Table 15 outlines the prototypes in grey and the applied attributes in black text.

**Table 16 Revised Interinstitutional System Ideal Types and as these are presented in the REIPPP**

<b>Revised Interinstitutional System Ideal Types and as these are presented in the REIPPP</b> (adopted and expanded from Thornton 2008)			
<b>Attribute</b>	<b>State as in the Department of Energy/IPP-office</b>	<b>Corporation as in IPPs</b>	<b>Community as in local communities (in the context of the REIPPP)</b>
Root Metaphor	State as redistribution mechanism	Corporation as hierarchy	Common boundary
Root metaphor in REIPPP	Rule setting for the procurement of renewable energy.	IPP as contractually obliged to fulfil electricity and development commitments.	Located within the 50km radius of an IPP.
Sources of Legitimacy	Democratic participation	Market position of firm	Unity of will, Belief in trust& reciprocity
Source of legitimacy in REIPPP	Competence and mandate to ensure energy security for the country	Awarded Independent Power Producer (IPP)	Located within the 50km radius of an IPP.
Sources of Authority	Bureaucratic domination	Board of directors, Top management	Commitment to community values& ideology
Sources of Authority in REIPPP	Procuring organisation	Selected as approved bidder in the REIPPP	Listed as beneficiary community of a specific IPP project
Sources of Identity	Social& economic class	Bureaucratic roles	Emotional connection, Ego-satisfaction& reputation
Sources of Identity in REIPPP		Tasked with construction and operation of renewable energy plant, as well as design and implementation of economic development.	Awareness of the IPPs development obligations.
Basis of Norms	Citizenship in nation	Employment in firm	Group membership
Basis of norms in REIPPP	Citizenship in nation	Employment in firm	Citizen residing within 50km radius of at least one IPP.
Basis of Attention	Status of interest group	Status in hierarchy	Personal investment in group
Basis of attention in REIPPP	Responsible for rule setting.	Status as development donor.	Personal representation as community development actor.
Basis of Strategy	Increase community good	Increase size& diversification of firm	Increase status& honour of members& practices
Basis of strategy in REIPPP	Meet the country's electricity demand.	Generate profit through successful IPP operation.	Benefit from IPP development commitments.
Informal Control Mechanism	Backroom politics	Organization culture	Visibility of actions
Informal control			Assumed social control through representing

mechanism in REIPPP			and controlling leadership structures.
Economic System	Welfare capitalism	Managerial capitalism	Cooperative capitalism
Economic system in REIPPP		Compliance and reputation driven economic development spend.	Dependant/ Beneficiary of IPP.

The logics, that is, the theoretical assumptions, drive government, companies and communities to work towards changing institutions. What the procurement documents reveal about this work is presented in the following section.

#### 4.2 Government creates and maintains institutions through the procurement rules

Government sets the procurement rules, thus, at the stage of policy formulation, government is most actively engaged in institutional creation work. Institutional work occurs in various classic forms, while some of government's work also is invested in maintaining institutions. In the policy requirements, government is not found to disrupt institutions through any specific efforts, besides sanctioning of non-compliance.

Government efforts include defining and vesting work towards new institutions. For example, it defines those who are beneficiaries, with a particular focus on previously disadvantaged people. Government also constructs identities, through determining companies and communities as actors in the REIPPPP. At the same time, it excludes local government from taking an active role in the implementation of the programme's economic development contributions. Additionally, government works on new institutions also through mimicry, theorizing and educating. Examples for these forms include the obligation for companies to undertake community development, which can be interpreted as an attempt to ease social acceptance of the implemented energy technologies. Government also theorises that through the private sector commitments towards SED, ED and local ownership positively influence economic development.

**Table 17 Creation work in the community benefit policy requirements**

Creation work and its occurrence in the community benefit policy requirements		
Forms of institutional creation work	Definition of the form	Occurrence in the community benefit policy requirements
Advocacy	The mobilization of political and regulatory support through direct and deliberate techniques of social suasion.	
Defining	The construction of rule systems that confer status or identity, define boundaries of membership or	Govt defining rules for economic development commitments and resulting activities.

	create status hierarchies within a field.	Govt defining local residents as beneficiaries with particular focus on previously disadvantaged people.
Vesting	The creation of rule structures that confer property rights.	Govt defining local residents of a particular area as beneficiaries.
Constructing identities	Defining the relationship between an actor and the field in which that actor operates.	Govt is constructing identities for companies involved and communities affected. Govt is NOT constructing an identity for local government to relate to the field in the context of the Economic Development requirements.
Changing normative associations	Re-making the connections between sets of practices and the moral and cultural foundations for those practices.	
Constructing normative networks	Constructing of interorganizational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation.	
Mimicry	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption.	Govt could also be said to do mimicry work by obliging companies to undertake community development measures (assuming that such measures ease social acceptance of the new technologies).
Theorizing	The development and specification of abstract categories and the elaboration of chains of cause and effect.	Govt theorises that through private sector commitment of SED, ED and local ownership investments, economic development is positively influenced.
Educating	The educating of actors in skills and knowledge necessary to support the new institution.	Govt is NOT educating and capacitating companies in support of the required task.

Government maintains institutions through ensuring adherence to rules and reproducing existing norms and belief systems. To this extent, government enables the private sector to conduct business while sharing some of the revenue with the wider, less-privileged sectors of society. The South African government policies created institutions (through e.g. definition of rules) over a 20- year period and it seeks to deter created institutions from changing through rigid rules. It appears to fall within the realm of an unintended consequence that government embeds and turns into routine the engagement with local residents and development issues into the day-to-day business practice of companies.



**Table 18 Maintenance work in the community benefit policy requirements**

<b>Maintenance work and its occurrence in the community benefit policy requirements</b>			
Ensuring adherence to rules systems	<b>Form</b>	<b>Definition of the form</b>	<b>Occurrence in the community benefit policy requirements</b>
	Enabling work	The creation of rules that facilitate, supplement and support institutions, such as the creation of authorizing agents or diverting resources.	Government enables the private sector to conduct business while sharing some of the revenue with the wider, less-privileged society.
	Policing	Ensuring compliance through enforcement, auditing and monitoring.	Government is policing the created institutions over a 20-year period.
	Deterring	Establishing coercive barriers to institutional change.	Government deters change to institutions through the formulation of rigid rules.
Reproducing existing norms and belief systems	Valorizing and demonizing	Providing for public consumption positive and negative examples that illustrate the normative foundation of an institution.	
	Mythologizing	Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history.	
	Embedding and routinizing	Actively infusing the normative foundations of an institution into the participants' day to day routines and organizational practices.	Government is embedding and routinizing, most likely unconsciously, the engagement with local residents and development issues into the day-to-day business practice of companies.

Government allocates termination points to non-compliant companies. This is a way of preventing or disrupting institutions through disconnecting rewards.

**Table 19 Disruption work in the community benefit policy requirements**

<b>Disruption work its occurrence in the policy requirements</b>		
<b>Form</b>	<b>Definition of the form</b>	<b>Occurrence in the policy requirements</b>
Disconnecting sanctions	Working through state apparatus to disconnect rewards and sanctions from some sets of practices, technologies or rules.	Government sanctions non-compliance of IPPs on ED elements and other commitments through termination points.
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context.	
Undermining assumptions and beliefs	Decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs.	

The level of reflexivity enabled or prohibited in this procurement context is further explored in the next section.

### **4.3 The procurement programme constrains the reflexivity amongst stakeholders**

Based on the confidentiality rules outlined in the RFP document, it appears that little scope exists for exchanges among government and companies. The policy itself is often said to have been “written behind closed doors”, for government did not consult with the public on the policy’s requirements. Once launched in August 2011, prospective bidders were summoned to a bidders’ conference where various issues and queries that companies might have relating to the RFP were discussed. These events provided one of the few opportunities for companies to gain insight into concerns and problems that their competitors experienced in the development of their bids. Some matters were clarified in a written briefing note issued to the registered bidders. Bidders also submitted written requests for clarification to the IPP-office and DoE, but responses depended on the capacity available within government to provide an answer.

The bidding process inherently fosters competition amongst companies interested in contracting with government. Besides the agreed confidentiality agreements between the DoE and individual bidders, companies’ internal confidentiality policies constrained individuals from exchanging too much detail about their work. This was in line with the procurement process.

This might make sense when it comes to technical and financial details of bid developments. However, for the economic development aspects and in particular the SED ED and local ownership elements it does not make sense. Bidders believed that, because they had to submit SED plans and not only quantitative commitments, what they wrote in these plans was evaluated and influenced project selection. This is not true though. Government has never stated it as such, but the submitted plans do not influence the bid evaluation results. This finding is based on three factors: bidders do not receive feedback on the SED plans submitted: the evaluation team, when interviewed, acknowledged that the evaluation of the plans involved only checking for plans that were “half baked” or “put together in the last minute” (Interview government evaluation team, 2014), and even that information hardly tells the truth because the 64 successful bids reviewed differ tremendously in length, depth and methodology. In fact some bids do not have an SED plan at all.

This section analysed the policy’s requirements and found government to be occupying the institution-determining role. That is to be expected, as government takes the role as procuring organisation of the service from renewable energy projects. Government also has obliged industry to benefit communities, providing industry with ample flexibility to interpret these

requirements according to their liking. Companies present the second strongest actor with communities featuring as passive recipients.

The following section explores what commitments and approaches bidding companies propose and develop in response to the policy requirements. It further analyses what institutional work the actors are employing to influence institutions.

## **5. COMPANIES DEMONSTRATE FINANCIAL AND INSTITUTIONAL COMMITMENT TO COMMUNITY BENEFITS IN PROJECT BIDS**

The IPP-unit allowed access to the information needed to conduct the second data collection step. Quantitative and qualitative information revealed insights into the Rand value associated with SED and ED commitments and community benefit schemes proposed by developers in response to the SED, ED and LO elements.

### **5.1 Industry makes significant financial commitments to community benefits**

Financial benefits accrue for local communities around projects through all four criteria related to local communities as well as through indirect impacts on local business activities during the construction time.<sup>8</sup> Such impacts include:

- Temporary influx of people during construction time leading to short-term growth in population size, increased demand on service and retail industry, and changes in social dynamics.
- Restaurant and entertainment businesses are positively impacted.
- Accommodation businesses and the hotel industry profit, often in terms of increased prices for accommodation. In rural areas where rentals are scarce, short-term rental prices increase.
- Transport and hardware businesses have the potential to benefit.
- Increased demand also impacts alcohol sales and prostitution.

Small and medium-sized enterprises (SMMs) located around renewable energy construction sites have a unique opportunity to profit through new business relationships with the implementing companies. However, many SMMs require additional support in order to elevate their business practices allowing them to satisfy the new and often multinational clients. SMMs also have to take into account that these business opportunities are temporary and will mostly

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<sup>8</sup> This section D2.1 is published in form of a research report. The report is single authored by the thesis author and appears in the reference list as (Wlokas 2015). The application for permission of inclusion of previously published text was submitted to the committee on date of the thesis submission.

last only for the duration of construction.

While the Rand value associated with the employment created within local communities as well as the impact of procurement agreements with local SMMEs remains unknown to date, available research indicates the amounts associated with SED, ED and local ownership commitments. SED commitments accrue every year, as do ED allocations. Both are a percentage of the project's revenue and have to be spent locally and annually. Additionally, the shareholding in respect of the local ownership criteria leads to the increase in financial resources for the community. How much money do these criteria translate to and where will the funds go?

The project developers have committed significant amounts of money. The author's research at the IPP-unit, based on the submitted numbers in the bid documents, indicates that there is a 90% probability that the total resources committed to SED and ED around the 64 approved projects in rounds one to three of the procurement programme will accumulate to R570 780 737 million over the next 20 years.<sup>9</sup> Local ownership is also expected to result in a significant financial value associated with dividends. For the first time, Government pronounced an amount associated with the local ownership requirement during the Windaba conference in November 2014 in Cape Town. Karen Breytenbach, who is a senior project advisor at National Treasury, stated that the total dividend flow to local community entities accumulates to R35.8bn over 20 years of project lifetime, taking the 64 projects, which were approved by November 2014 into account.<sup>10</sup> The local ownership shares in many projects are funded through development finance, for example, by the Industrial Development Corporation (IDC) or the Development Bank of Southern Africa (DBSA), therefore part of these funds will go towards repaying debts. The remaining R12bn, would constitute the actual income available to community trusts across the country. The discounted value<sup>11</sup> of this money is R600 000 000mil. These funds will become available over time, depending on the finance structure of the individual projects. Many trusts will see the annual income increase significantly once project debt is paid off and dividends increase. This is to be

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<sup>9</sup> This Rand value is discounted at the EOCK rate of 8.4%. This rate is recommended by the National Treasury of the Republic of South Africa.

<sup>10</sup> Speech of Karen Breytenbach at Windaba Conference via Skype video call, 4th November 2014, Cape Town.

<sup>11</sup> Discounting is a technique used to compare costs and benefits that occur in different time periods. The objective of discounting is to translate the future cash flows into present terms. The basic principle is to compare apples with apples (a Rand earned today is not the same as a Rand earned in the future due to the effects of inflation and currency appreciation or depreciation).

expected between years 7-17 of project operation. In IDC-funded projects, the dividends are paid out as trickle dividends, which allows the community trusts to receive a steadily growing amount of income, already starting in years one or two. The amount available to the community trusts also depends on the shareholding percentage allocated to the community. The first three bidding rounds saw projects structures with up to 40% of the shareholding to be held by local communities.

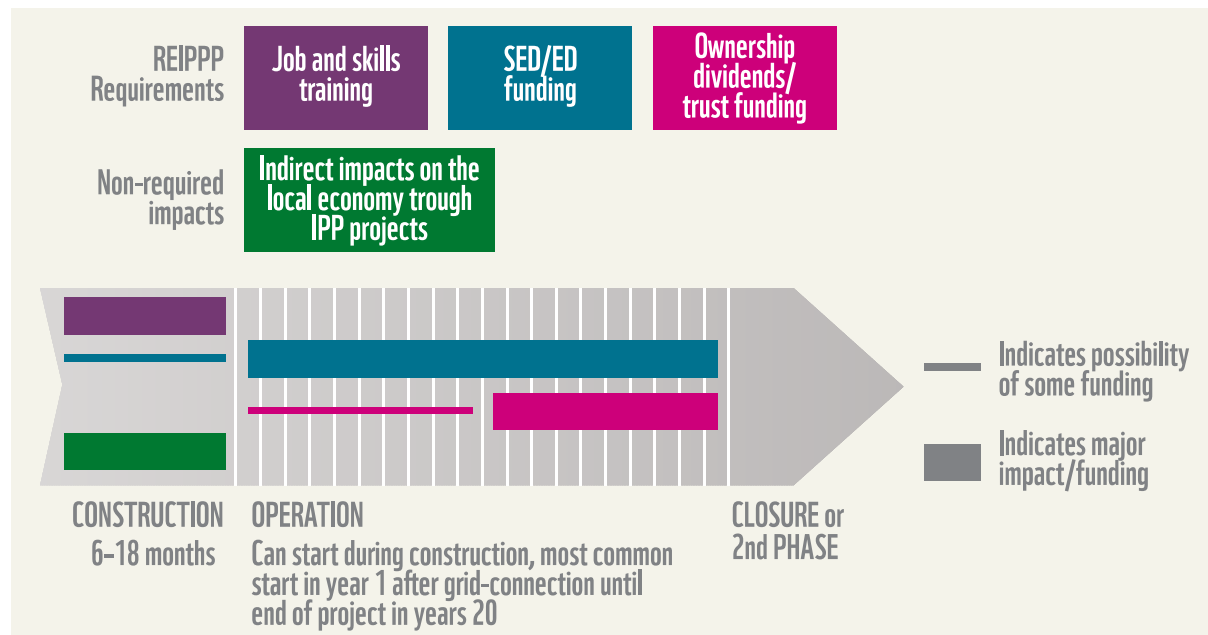
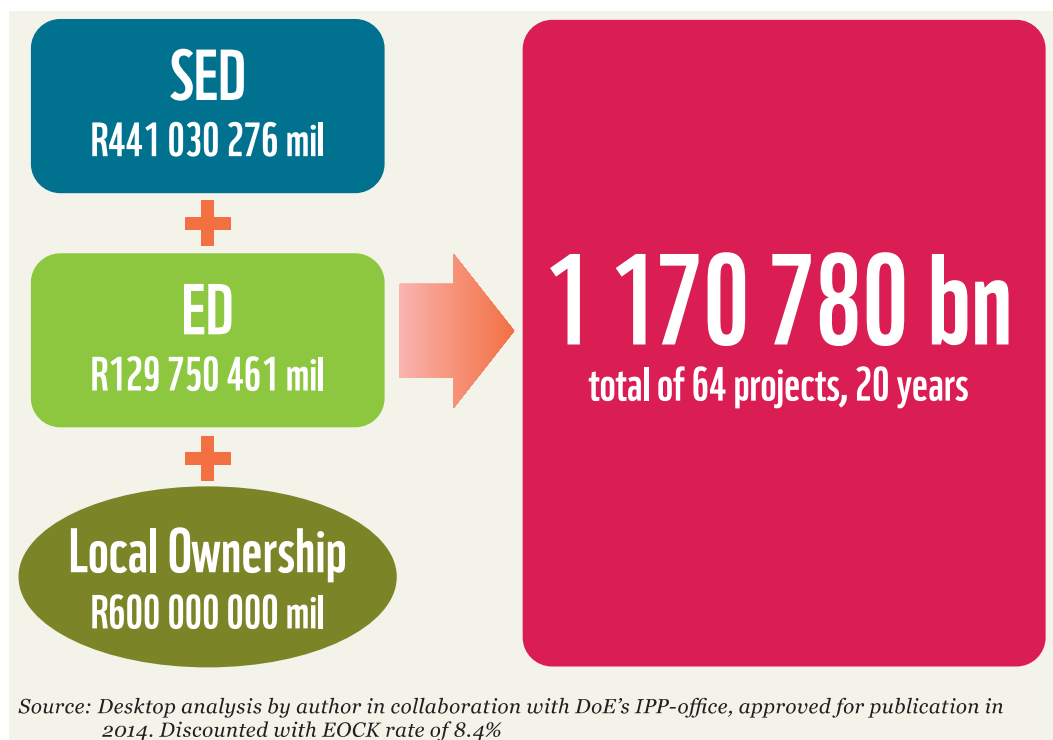


Figure 4 IPP project phases and timing of local community benefits (own compilation as in WWF 2015)

Summarising the financial commitments of projects in the first three rounds for SED, ED and local ownership, a total of R1.17bn is allocated towards local economic development investments in communities around projects. This will be generated and will be available over the next 20 years.



**Figure 5 Funds allocated towards local community benefits after the first three procurement rounds (own compilation as in WWF 2015)**

The IPP Office published updated figures after the forth procurement round announcements, in 2015. Government, differently from the WWF, presents the committed financial resources without discounting them. Thus, SED commitments amount to R 6 billion, ED to R 19.1 billion and local ownership results in R 49.9 billion with R 29.1 billion representing net income to the legal entities representing local communities.

**Table 20 Committed community funds per province (Source: IPP Office reports published December 2015)**

Committed community funds per province (BW1 to 4, 1S2)				
Criteria	Northern Cape	Eastern Cape	Western Cape	South Africa
Socio-economic development (SED)	R 11.9 billion	R 4.5 billion	R 1.0 billion	R 19.2 billion
* Commitments vary, in brackets the committed amount for local communities within 50km radius	(R 10.2 billion within 50km radius*)	(R 3.9 billion within 50 km radius)	(R 0.7 billion within 50km radius)	
Enterprise development (ED)	R 3.1 billion	R 1.2 billion	R 0.1 million	R 6 billion
Local ownership (LO)	R 29.3 billion (net income R 18.3 billion)	R 14.5 billion (net income R 7.4 billion)	R 2.5 billion (net income R 1.6 billion)	R 50.1 billion (net income R20.9 billion)

It is important to note that jobs and funds are not implemented at once, but are staggered throughout the project cycle. Initially, during the bid development phase, only<sup>[1]</sup><sub>SEP</sub> very few project developers spend time and money on measures benefitting local communities. Land is sourced; permits secured; and project developer teams usually work on more than one project at the same time. Time, budget and capacity are in short supply and the outcome of the project proposals is uncertain. A few companies do, however, make the funding of small community projects part of their work right from the start. Once a project has been selected as preferred bidder, time is scheduled for companies to reach financial close. During that time, benefits do not necessarily accrue either, but initial engagements around recruitment of workers and trustees for the community trust are common. The financial close date depends on Government's schedule. Construction follows during which jobs are created; some project companies will start spending initial SED and ED funds. Depending on the technology and construction schedule, projects usually connect to the national electricity grid after 6 to 24 months of construction.

Once electricity is produced and sold to Eskom, revenue is generated and IPPs are obliged to report on their spending of<sup>[1]</sup><sub>SEP</sub> the committed SED and ED funds stipulated in the Implementation Agreement quarterly. Local ownership dividends start accruing in most projects from years five to fifteen onwards, depending on the project finance structure. The small amounts, which might flow into the trusts in the first couple of years, will increase significantly at that point. IPPs are currently contracted to generate electricity for 20 years. Beyond that, the future of the projects is uncertain and with that the future of any SED, ED or shareholding benefits for local communities.

Summarising, the financial resources committed in line with the policy criteria are significant and provide the renewable energy sector with the opportunity to contribute to poverty alleviation and social transformation in local communities and beyond. The following section provides insights into the quality of the industry's deliberations with regard to the structures and process required to achieve meaningful developmental impacts. The next section presents the qualitative findings, revealing how companies conceptualise the policy requirements at the stage of bid submission.

## **5.2 Companies develop preliminary ideas for the implementation of these benefits**

Analysis of the bids submitted for the approved projects in the first three rounds of the procurement programme groups projects, according to community benefit schemes. Bidders propose different arrangements in response to the socio-economic development (SED), enterprise development (ED) and local ownership (LO) requirements. The research identifies

eight distinct categories, their characteristics being described in the following sections of this chapter.

### ***Identification of local communities***

In the REIPPPP, the term local community has a very specific definition and refers to settlements located in proximity to the renewable energy projects. The proximity is restricted to a 50km radius around the project site. The programme therefore works with the concept of community of place, defined by geography. This precise instruction as to where to find the local community in the context of the REIPPPP is, however opened up, by making it the project company's task to define who exactly within this radius will benefit from the project. This could be one specific village, town, one or more neighbourhoods, or even the entire population within the radius. This is one of the reasons why the mandated community benefits through the IPPs can be compared with the efforts of voluntary corporate social responsibility. The decision as to who benefits lies with the private sector. This is a task with which the extractives sector is also familiar.

In this context, most bids identify local communities as the entire population of the 50km radius, although some specify selected communities within that area. One project indicates that their SED plans will also target people beyond the 50km as the local population is very small.

The bid review identified definite hot spots. Places where projects and therefore development spend accumulate include Loeriesfontein and De Aar in the Northern Cape, the Bergriver and Saldanha Bay areas in the Western Cape, Jeffrey's Bay and surrounding area, and the region between Cookhouse and Bedford in the Eastern Cape. These areas have been identified as beneficiaries in more than one bid document. The 50km radiuses of various approved bids overlap or are close to identical (as in the case of De Aar). Loeriesfontein is an exception. It lies outside two beneficiary radiuses but is still identified as a beneficiary due to the low population numbers within the 50km.

### ***Socio-economic development and SED plans***

Most bid documents include a report about the planned activities in respect of the socio-economic development requirement. The REIPPPP calls these reports SED plans. In respect of the 64 reviewed bids, these reports differ in length and depth. The range is between a short mention that ED, SED and LO funds will occur and be spent in local communities to one hundred-page reports outlining detailed plans for project and programmes to be implemented with the committed funds. Many reports are based on research that includes community interactions and meetings, while some bid developers went as far as appointing (mainly preliminary) local trustees for community trusts. Other projects provide reports that seem to be purely solely based



on a review of government documents like the Integrated Development Plan (IDP). Most reports identify a key role player in the area. The approach taken to identify socio-economic priorities in project areas is mostly needs driven. In some plans community assets are discussed and one report presents an approach referred to as the '4 rooms of freedom', which indicated it was inspired by Amartya Sen's capabilities approach (Sen 2013).

In terms of priorities, the bidders generally followed the RFP suggestions, which include education, health and infrastructure. Reports, where they exist in sufficient depth, outline also specific local priorities. One project, for instance, plans to support infrastructure service providers with the SED investment and provides examples of schools and roads. One consulting company, responsible for the SED plans of a few bids, presented a more detailed list including rural electrification and skills development. Many bidders like to state in their SED plans that they wish to foster development close to their core business, which makes electrification, energy efficiency and skills development (technical skills) frequently suggested SED investment options. One SED plan identifies a nearby mining house as potential collaboration partner for community development activities. Many reports have signs of having been guided by IDP priorities. The overall impression is that the definition and understanding of SED is discussed in great length in most reports. The review also finds that project developers tend to propose similar SED plans for all of their projects.

In terms of governance of the SED funds, one plan suggests that the money is channelled into an existing organisation, to expand the organisation's work raising awareness of renewable energy, and other educational initiatives. Other projects propose to either channel the SED money into the community trust established for LO or establish a new trust (for SED specifically). Some bids do not specify how the money will be governed. Only one project commits to channelling the funds to the local municipality for service delivery linked to infrastructure projects. Another project, located in a very scarcely populated area, decided to establish an academy from which they could invite students from outside the 50km area: they would then train them inside the project's beneficiary radius.

### ***Enterprise development***

Little information is disclosed in the bid documents about planned enterprise development activities. This could be linked to the fact that not all projects have committed to this element, or it could be that SED plans focus on SED and treat ED as side issue. The projects that do report on ED measures in their SED plans, propose support programmes for local businesses, female-led businesses and new enterprises. Bids propose to implement enterprise development through

various collaborations. Either a project company's internal Economic Development Officer is employed and tasked with facilitation and implementation of the money, or in a few projects the community trust (either the same or a different trust as for LO and SED) is tasked with the governance and investment of ED funds.

### ***Local ownership***

All 64 reviewed bids address local ownership through a local community trust. Little evidence is found of alternative approaches. One project stated that the LO funds will go through a BEE holding company to two different trusts. Another project is channelling money into two entities, a community trust and another entity that supports the work of a big, national NGO. Almost every bid states that the project is planning to establish at least one community trust. One project is establishing two trusts, one for each beneficiary village. These villages (Bedford and Cookhouse) are also already beneficiary villages of other REIPPPP projects. In yet another bid, the project company plans to establish a new community trust despite the fact that a well-functioning trust has already existed for a long time (according to the SED plan).

The trust board is in one case constituted by local trustees, the project company, and the project's other stakeholders. One project stated that a professional trust worker is going to be employed through the project company and will be tasked with management of the trust. This is hoped to ensure compliance and transparency.

One project proposes to spend LO funds on issues of economic empowerment through funding, supporting and monitoring local NGOs and Community Based Organisations (CBO). Envisaged projects are tackling drop-out from the vocational training centre and school by means of prevention programmes.

The community trusts are not finalised by the stage of bid submission, while bids indicate openness regarding areas to invest in. One project indicates that the trust will fund existing initiatives and organisations if they fulfil certain criteria. It is striking that no IPP chose a different LO structure from a trust, with the greatest variation being a few bids that have BEE shareholdings in between a trust and the IPP itself, or bids that plan to establish two trusts.

### ***Identified community benefit schemes***

Projects take different approaches to governing and managing the community benefit funds and investments. The bid documents reveal the following schemes. The main differences are between SED, ED and LO, into which of these they are channelled, and who is subsequently going to govern

the funds. A popular approach is to channel all community benefit investments into the one entity, being the community trust. This approach is apparent in projects in BWR 1 and 2 only. A second popular approach is to channel the SED and ED investments into a third party organisation. This is neither the local community's trust nor is it the project company, but could for example be an established organisation or an entity established specifically for the project. A very popular approach found in the documents makes provision for external management of all community benefit funds. SED, ED and the trust are overseen, capacitated, supported, monitored and reported on by a third party. An equally popular approach is the external management of all funds is to manage the SED and ED funds and trust dealings in-house. Project companies mention in the bids the building of in-house capacity for this role.

Less frequently occurring approaches include partnering with government or a specific NGO or proposing to start a new enterprise. Three projects have made provision for local government to collaborate closely on either the SED or ED spending. Municipal priorities and FET colleagues will be supported in that way. Two projects chose to start a new enterprise to invest the ED funds. In both cases these are envisaged to be agricultural enterprises. One project only chose to partner with an established NGO for their LO funds. A community trust was established, but the NGO was noted as main beneficiary of the trust. Finally, there are also projects where bids didn't allow for the identification of any specific characteristics in terms of how the SED, ED and LO funds will be managed. These projects were grouped separately

**Table 21 Identified community benefit schemes in bid documents**

<b>Category</b>	<b>Community benefit scheme</b>
1	SED and ED are channelled into the LO trust
2	SED, ED and LO channelled into 3 <sup>rd</sup> party
3	SED, ED and LO externally managed and M&E is coordinated
4	NGO as major LO partner
5	ED enterprise to be established
6	In-house (employee) to manage spends and trust dealings
7	(local) government to FET close partner for SED
10	Unclear SED and ED

This research aims to study the different approaches in depth. Approaches 1, 2, 3, 5 and 6 are the most popular amongst bidders of BWR 1-3. Existing research relationships with project companies following these approaches are utilised in order to gain permission to conduct qualitative research interviews and gather insights through observations. Before the

presentation of the interview findings, the following sections provide further insights into the applied institutional logics, institutional work and level of reflexivity as prevalent in the SED plans.

### **5.3 Companies follow their logic and embrace the given role as development donor**

The bid documents do not provide much relevant information about institutional logics of government, companies or communities. Many companies contract consultants for the development of the SED plans in their bids. The reviewed documents indicate that companies embrace the mandatory role as development actor. Some companies appear to have thought about this task more than others, judging by the detail provided in the submitted bids. Some bids speak about compliance and transparency as issues to be aware of when implementing the SED, ED and LO commitments.

SED plans speak about local communities as beneficiaries and about the importance of location-specific developmental needs. Only one SED plan appreciates that instead of a needs assessment, the identification of existing assets within the beneficiary community is crucial. This finding supports the identified underlying economic system (being a dependant or beneficiary of an IPP) for the prevailing community logic.

### **5.4 Companies create, maintain and disrupt institutions in their implementation ideas**

The IPP office agreed to provide access to the bid documents. The access includes permission to review the documents and develop abstract thoughts as a result of the review. These results were subsequently released for publication. The findings shared in D2 about the content of SED plans and identified community benefit schemes works through the entire content of the released material. The identification of institutional work is restricted by the fact that the texts of the original bids are not available for the theoretical analysis. Companies appear as the actors of institutional work in the presented findings; creating, maintaining and disrupting institutions. The work is done mainly on paper but in some cases also in practice through engagement with organisations and individuals.

Companies create institutions by defining hierarchies amongst local residents companies appointing trustees to serve on the boards of community trusts. In the SED plans, companies also define certain organisations and projects as pre-identified beneficiaries of SED and ED funding. These actions also construct identities. Only one company constructed such identify for the acting local government in the project area. Companies construct the normative through establishing

partnerships with organisations. These partnerships are governed by means of agreements that concern requirements for compliance as well as monitoring and reporting. Companies create new institutions also using mimicry; they associate community trusts with a guaranteed income over 20 years through shareholding dividends. Lastly, it is noteworthy that companies identify a need for education and training of community representatives serving on trust boards. The reviewed SED plans did however lack any evidence of specific trainings planned in that regard.

**Table 22 Creation work in the bid documents**

<b>Creation work and its occurrence in the bid documents</b>		
<b>Forms of institutional creation work</b>	<b>Definition of the form</b>	<b>Occurrence in bid documents</b>
Advocacy	The mobilization of political and regulatory support through direct and deliberate techniques of social suasion.	
Defining	The construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field.	<p><b>Companies</b> define hierarchies amongst local residents by appointing trustees to serve on trust board.</p> <p><b>Companies</b> also define certain organisations as pre-identified beneficiaries of funding.</p>
Vesting	The creation of rule structures that confer property rights.	
Constructing identities	Defining the relationship between an actor and the field in which that actor operates.	<p><b>Companies</b> construct identities, using the same action of identifying certain organisations and individuals as primary beneficiaries and trustees.</p> <p>Only one <b>company</b> is constructing such identity for a local municipality.</p>
Changing normative associations	Re-making the connections between sets of practices and the moral and cultural foundations for those practices.	
Constructing normative networks	Constructing of interorganizational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation.	<b>Companies</b> are constructing normative networks through establishing partnerships with organisations. These partnerships are governed by agreements concerning compliance and monitoring and reporting.
Mimicry	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption.	<b>Companies</b> conduct mimicry work in relation to the establishment of community trusts. Trusts are in REIPPPP associated with regular income over 20 years through shareholding dividends.
Theorizing	The development and specification of abstract categories and the elaboration of chains of cause and effect.	

Educating	The educating of actors in skills and knowledge necessary to support the new institution.	<b>Companies</b> mention education challenges with regard to the skills and capacity required to manage a community trust. NO specific trainings seem to have been identified.
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At the bid submission stage, companies maintain institutions by ensuring adherence to rules systems. The research finds the presence of all three adherence forms: enabling, policing and deterring. Companies enable trusts to function through the appointment of trustees as authorising agents. Companies outline policing ambitions in their SED plans related to compliance and reporting concerns and they draw-up trust deed documents that determine the trust's governance.

**Table 23 Maintenance work in the bid documents**

Maintenance work and its occurrence in the bid documents			
Ensuring adherence to rules systems	Form	Definition of the form	Occurrence in bid documents
	Enabling work	The creation of rules that facilitate, supplement and support institutions, such as the creation of authorizing agents or diverting resources.	<b>Companies</b> enable trusts to function through the appointment of trust boards as authorising agents.
	Policing	Ensuring compliance through enforcement, auditing and monitoring.	<b>Companies</b> outline policing ambitions in their SED plans related to compliance and reporting concerns.
	Deterring	Establishing coercive barriers to institutional change.	<b>Companies</b> draw-up trust deed documents. These are submitted with the bids to government.
Reproducing existing norms and belief systems	Valorizing and demonizing	Providing for public consumption positive and negative examples that illustrates the normative foundation of an institution.	
	Mythologizing	Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history.	
	Embedding and routinizing	Actively infusing the normative foundations of an institution into the participants' day to day routines and organizational practices.	

Companies disrupt existing institutions through sanctions. The trust deeds spell out sanctions that apply in case of misconduct.

**Table 24 Disruption work in the bid documents**

Disruption work its occurrence in the bid documents		
Form	Definition of the form	Occurrence in bid documents
Disconnecting sanctions	Working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules.	<b>Companies</b> define in trust deeds penalties for trusts in case of misconduct and mismanagement of funds.
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context.	
Undermining assumptions and beliefs	Decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs.	

## 5.5 Companies develop implementation ideas in isolation

The bid review reinforces the impression that companies have not collaborated in the development of SED plans and ideas on how to govern the funds. In the absence of a qualitative evaluation of the schemes proposed, such would have been possible- despite the competitiveness of the procurement programme. However, at the time of bidding, government's attitude towards the content of SED plans was not clear. Companies also associate their developed strategies on how to finance and staff the functions administering and managing the community benefit funds with intellectual property.

Summarising, the quantitative information about the monetary value of the renewables industry's SED and ED commitments exposes numerical magnitude and allows for associations with the potential impact, positive or negative, that the collectively committed development funds could achieve or cause. The review of bid documents indicates the diverse level of engagement with this opportunity across bidding companies. Bidding timeframes and policy requirements as well as the obvious lack of adequate capacity and skills within companies resulted in minimal public and community engagement and consultation at the stage of bid preparation and submission. Companies clearly dominate the development of the project, with communities excluded even from the decision-making about community benefits and community shareholding.

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The following section goes a step further in time and analysis. The next research step explores the construction and operation experiences of project stakeholders. It asks what practices emerge in the implementation of community benefits and why actors are influencing institutions in specific ways.

## 6. COMMUNITIES BECOME ACTIVE INSTITUTIONAL WORKERS IN THE IMPLEMENTATION OF BENEFITS

The REIPPPP formulates community benefit requirements that oblige project developers to do the following: conduct a socio-economic needs assessment; compile a socio-economic development plan for bid submission; establish or partner with a legal entity representing the local beneficiary community; and once selected as preferred bidder and latest when connected to the grid to report spending of the committed SED and ED funds as well as transferring dividends to the legal community entity. These are predefined actions that developers have to undertake in order to be compliant. The practices employed in pursuit of compliance, however, constantly change and also differ from project to project.

This chapter presents the emerging practices identified in the studied projects; first through a practical account, in Chapters D3.1 and D 3.2, and subsequently, through the application of the theoretical concepts (institutional logics and work) in D3.3 and D3.4. The findings are derived from semi-structured interviews with various stakeholders including government, companies and community representatives. The interviewees are involved in and/or affected by 12 different IPP projects across the country.

### 6.1 Company approaches to the implementation of the community benefits

At the time of the interviews, the projects were at different stages of development, ranging from financial close to operative. The information accessed and collected is therefore dissimilar, despite the fact that the conversations were guided by the same questions. However, despite these different stages of thinking and certainty, it is possible to outline the basic structures the projects are establishing in response to the community benefit requirements.

Table 25 compares the individual case studies, their categorisation per community benefit scheme in the bid documents, the structures in place as well as planned structures at the time of the fieldwork. The following contains a short summary of the unfolding structures and plans of each case study.

**Table 25 Number of case studies per community benefit scheme**

Category	Community benefit scheme	Case studies
1	SED and ED are channelled into the LO trust	3
2	SED, ED and LO channelled into 3 <sup>rd</sup> party	-
3	SED, ED and LO externally managed and M&E is coordinated	2
4	NGO as major LO partner	-



5	ED enterprise to be established	1
6	In-house (employee) to manage spends and trust dealings	4
7	(local) government to FET close partner for SED	-
10	Unclear SED and ED	3

The information collected through fieldwork reveals specific implementation insights. The following summarises these in brief, for each project studied, drawing on the various research interviews conducted.

### **Case Study 1**

- For the bid preparation and submission, a service provider wrote the project's socio-economic development (SED) plan. It includes basic information about the province in which the project is located and suggested future community investments, with a focus on education. The SED plan is based on desktop and statistical analyses of data already available and includes a list of NGOs active in the area. The company committed 1.1% towards SED and 0.4% to ED.
- The project was sold after being selected as preferred bidder. The buying company is challenged with the expectations created during the project's development phase.
- Towards financial close, the project company plans to establish a trust, to be governed by a board that includes the financial partners, two company representatives or independent trustees, and two beneficiary trustees. The local government is entitled to appoint an observer to the trust board. The company had already allocated funding before financial close to certain NGOs identified in the SED plan. Some of them continued to receive funding, for others the funding relationship ended soon thereafter. The company is committed to build in-house capacity to attend to the implementation of community benefits.
- At the time of the research, the project was in construction. The company spends time on site and with local stakeholders to identify existing expectations.
- For the operation phase, the company is planning to govern the SED and ED funds and to approach NGOs and active individuals within a 50km radius to seek out funding opportunities. The company is now going to establish the community trust, with local residents representing the beneficiary communities.

### **Case study 2**

- At bid preparation and submission, the company submitted a rough SED plan in which no commitments about how the community funds were going to be governed were made. The project developer registered a pro-forma trust. On the board, the voting rights are unequally

distributed, providing the company with more control than other trustees.

- Once selected as preferred bidder, the company explained the idea of establishing a community trust to local residents and started a process to identify community trustees.
- During construction, SED and ED are discussed in the context of a road show in various communities involving pamphlets and meetings with local politicians and residents. No funding is allocated as yet. The company implements a community office as point of contact for job seekers and to receive queries and concerns.
- For the operation phase, the company is discussing various options for the governance and investment of SED and ED funds. It envisages a funding allocation process for SED/ED and trust money, which is tailor-made for the local conditions and remains amendable over time. This process will be designed and implemented by a service provider.

### **Case study 3**

- The company established a community liaison office during the time leading up to financial close. A community trust is established to govern the local ownership funds derived from the 25% local shareholding.
- While constructing the project, the company funded small community projects. These were identified through a community forum and the company.
- For the operation period, consultants are going to be appointed to assess local development needs and to implement SED projects. The project has no enterprise development commitments.

### **Case study 4**

- A consulting firm developed the project's SED plan. The firm undertook site visits to gather information about the project location before developing the SED plan. The project committed 0.6% towards ED and 1.5% against SED. The project is partnering with an existing trust in order to fulfil the local ownership requirement. The trust will govern local ownership funds, without interference of the company.
- Towards financial close, the project funded small goodwill initiatives. The project continued funding small goodwill initiatives during construction time. For the operations period, the Special Purpose Vehicle's executive board is managing the SED and ED funds.

### **Case study 5**

- Economic development consultants assisted with the preparation of the bid. Their research involved site visits and a community needs analysis. The project committed 0.6% towards ED

and 1.5% for SED. The consultants also assisted with establishing a community trust. The company is represented on the trust, which will govern the local ownership funds derived from the 2.5% community shareholding.

- While working towards financial close, the project funded small goodwill initiatives. Since operation has started, the company is managing the ED funds. SED is allocated towards a separate legal entity, which also involves the landowners.

#### **Case study 6**

- Small goodwill projects were funded during construction time. The company opened a community liaison office to support public relations and the community shares news about relevant engagements and decision through a Facebook group.
- When the operation started, the project established a trust to govern the local ownership funds. Trustees have not been selected yet because the community raised concerns about the suggestion that the majority of trustees on the board shall be from outside the area. The company communicated to the community that they are in the process of designing a process for this. The trust will also manage the SED/ED funds.

#### **Case study 7**

- The project didn't make any ED commitments. In the bid, SED was allocated, in preliminary fashion, towards education. A consultant wrote the SED plan.
- While in construction, the company is handling the SED investment decisions, supported through South African companies in the consortium that have experience with corporate social responsibility (CSR). Some of the SED funding available over time might be allocated towards expanding existing CSR programmes of these companies.
- Small goodwill projects are funded during construction time, identified through the community liaison officer and funded through various sources. The community trust is not fully established as yet. The option to partner with an existing trust instead of establishing a new one is still being discussed. When in operation, one NGO is going to receive the majority of the SED funding in order to implement an education programme.

#### **Case study 8**

- At the time of bid preparation and submission, local trustees were selected and a trust registered before bid submission. Due to fatigue of the community arising from its engagement with business around development issues, the trustee selection process was difficult, and eventually the local mayor instructed the local councillors to serve on the trust.

The project company and funders are also represented on the board, with equal voting rights amongst all trustees.

- During construction time, small projects were funded, which the community identified and then communicated a list of potential projects through the company's community liaison officer to the managing director. At a later stage, the company established a proposal process. The submitted proposals remain a resource that the company is planning to work with when making future funding decisions.
- Once operational, the managing director of the project company is going to guide decisions relating to economic development. The company contracted a consultant to implement an enterprise development programme and a not-for profit organisation (NPO) is responsible for the SED implementation. The NPO is lead through an international organisation, which is associated with the company. The company expects that further governance and implementation arrangements between the various entities involved and funds allocated to SED, ED and local ownership will develop.

#### **Case study 9**

- The wife of one of the professionals on the project development team wrote the SED plan. She is experienced in education, but the decision was mainly taken in respect of the budget.
- During construction, the community trust was established and the board constitutes four community representatives and one representative of the company. The community members are all from the same village, even though the trust is said to benefit a total of five villages. The trust received some payments from the construction company, but has not made an investment decision yet. For the operation period, the company is going to deal with ED commitments, while SED and local ownership will be paid into the trust.

#### **Case study 10**

- The project committed 1% towards SED and 8% of the shareholding towards local ownership. The SED plan was developed in-house with the support of consultants. The plan identified education and health as preliminary development priorities. A 'shadow' community trust was established before bid submission with trustees from the company.
- During construction time, the contracted construction company funded one small project. The project disseminated winter clothing to members of the local community.
- For the operations time, a service provider is contracted to make investment decisions related to the committed SED funding. The service provider assessed the needs of the local area and consulted residents and local government in this process. They developed a 4-year

strategy.

- The transfer of SED funds to the service provider results in compliance on the company side, according to the company. Therefore the service is flexible enough to invest resources as and when found most suitable instead of having to follow a quarterly investment schedule as prescribed by the REIPPPP rules. The company perceives this as advantageous for the developmental impact of the spending.
- The community trust, while established, is currently staffed internally as the company is still engaged in negotiations with the funders about conditions related to possible refinancing. The company envisages the trust to continue the SED work beyond the 20 years of the project by developing community capacity to invest and manage the funds sustainably.

### **Case study 11**

- The bid and subsequent presentations indicate that the project will establish a community company that will manage community benefits to one specific beneficiary community over the lifetime of the project. The community company owns 5% of the IPP/SPV and is going to benefit from SED and ED funding. During operations, the community company contracted another NPO for implementation.

### **Case study 12**

- The project's SED plan was written by a CSR consulting company. The same company was initially earmarked to deal with SED and ED for the duration of the project.
- A second service provider was tasked to establish and operate the community trust. The trust holds 5% of shares and its board members include one representative of the company and three professionals with various skills/expertise. The company plans to include community representation through the addition of one more trustee at a later point in the project.
- During construction, the company funded goodwill projects.
- Shortly after grid-connection, one trustee resigned from the board of the community trust. The reason given was ineffective communication of the company on matters relating to the work of the trust and local community. A second trustee is silent and perceived to have passively resigned as well. As alternative communication partner for the community, a service provider is present in the area and entertains efforts to engage with local residents around a community-driven development process.
- The SP is contracted to govern and implement the funds derived through SED and ED commitments. An NPO was registered and the funds are transferred from the company to the

service provider and from there to the NPO's bank accounts. The service provider undertakes monitoring over and above the REIPPPP-required monitoring and the additional material is regularly submitted to the IPP-unit.

### **Case study 13**

- The relationship between the project company and local community appears dominated by conflict. Therefore, no further details about the company-community relations process are available for publication at this point in time.

### **Summary**

Each case study context is unique, based on the people and places involved in the individual projects. The following section will scrutinise the practices of the studied projects in far more depth. In the process though, the identity of projects and people remains unstated to honour the confidentiality agreements. Introducing the detailed, theoretical analysis of the interviews, is a summary, in Table 26 of the evolution of the high-level findings about the practices of the projects, both as proposed on paper and as has been revealed in practice. The findings show that while some projects continued to implement the approach proposed in the project bid documents, the information available indicates that others appear to deviate from these initial ideas. This might be related to the changing environment and their assessment thereof at project implementation stage or it could be due to the limited detail provided about their plans in the bid documents.

Also apparent is the fact that regardless of the capacity available to the IPP for engaging with community related topics, the quality of the relationship with the respective local government differs across projects. Again, there could be many reasons for this, but local government relations stand out as a matter of concern across the board. The next section presents a generalised REIPPPP community engagement and development practice through the project lifecycle.

**Table 26 Evolution of community benefit schemes from bid to implementation stage**

Case study ID	Community benefit schemes on paper		Community benefit schemes in practice at time of research (2014)				
	Bid analysis category	Categories explained	Local ownership	SED	ED	IPP capacity	Local Government role
CS1	6	In-house (employee) to manage spends and trust dealings	Trust to be implemented	Combined and allocated to established local organisations through funding allocation process and proactive beneficiary selection		ED personnel within SPV/IPP	Option to be observer to trust, informative relationship with IPP
CS2	1	SED and ED are channelled into the LO trust	Trust to be implemented	Combined and allocated to individuals and organisations through funding application process		Community Liaison Manager and Community Liaison Officers	No relationship as yet
CS3	10	Unclear SED and ED	Trust	Still to be defined	No obligation	ED personnel within SPV/IPP and Community Liaison Office	Difficult relationship, envisaged to transform into collaboration
CS4	6	In-house (employee) to manage spends and trust dealings	Trust (in existence and as partner)	Combined and governed by the SPV/IPP board		ED personnel within SPV/IPP and Community Liaison Officers	No relationship, beneficiary community (ies) are perceived as independent from local government
CS5	0	Missing information	Trust	Legal entity to be established including land owners to govern SED funds	Governed by the IPP/SPV	ED personnel within SPV/IPP and Community Liaison Officers	Collaborative relationship
CS6	3	SED, ED and LO externally managed and M&E is coordinated	Trust to be implemented	Governed by IPP/SPV	To be governed through trust	Community Liaison Office	Problematic relationship

CS7	6	In-house (employee) to manage spends and trust dealings	Trust (envisaged)	Not-for profit organisation as main beneficiary for first years	No obligation	IPP/SPV management and board, Community Liaison Officer	No relationship as yet
CS8	0	Missing information	Trust	Company specific development approach to be implemented through not-for profit organisation	Handled by MD of IPP/SPV, service provider appointed for implementation	IPP/SPV management and board, Community Liaison Manager	No relationship as yet
CS9	1	SED and ED are channelled into the LO trust	Trust	To be governed by trust	Governed by the SPV/IPP board, implementation envisaged in collaboration with trust	IPP/SPV management and board	Collaborative relationship
CS10	0	Missing information	Trust	Service provider governs and implements	No obligation	Community Liaison Officer and Communication Forum	Problematic relationship, envisaged to transform into collaboration
CS11	5	ED enterprise to be established	Community Company	Governed and implemented through community company	?	ED personnel within SPV/IPP and Community Liaison Officer	?
CS12	3	SED, ED and LO externally managed and M&E is coordinated	Trust for governance and service provider for implementation	Through service provider appointed for local ownership		IPP/SPV management and board	No relationship as yet
CS13	0	Missing information	Trust	Combined and governed by the SPV/IPP board		ED personnel within SPV/IPP and Community Liaison Officer	Informative relationship



## **6.2 Generalised community benefit practices found across case companies**

In the advent of a new policy like REIPPPP, practice on various issues is improvised before routines are established. Without preconceived guidelines issued by government or industry bodies on how to engage with local communities, companies develop their own practices. These practices were explored in over 50 conversations with project stakeholders. Following the REIPPPP project cycle, the research finds common (high-level) practices associated with each moment in the cycle. These include bid preparation and submission, project announcement, financial close, construction, grid-connection, operation and eventually the closure of the project.

### ***Bid preparation and submission***

In the beginning, project developers read and think through the procurement requirements outlined in the RFP's. Consulting companies that specialise in environmental impact assessments (EIA) hold public EIA meetings and present the prospects for community benefits and job creation.

Developers engage with consultants on how to approach SED, ED and local ownership. Consultants could be CSR firms, specific SED and ED service providers or other independent development consultants. Companies and consultants identify local beneficiary communities located within a 50km radius around the proposed project site. Consultants review government documents and/or engage with selected local stakeholders (including the local municipality, NGOs, and others) to profile the identified communities. The consultants compile a so-called SED plan that is submitted with the bid. One ED manager recalls that a consulting firm developed the entire SED plans that were submitted with their company's bids. The firm based their recommendations for development programmes on desktop reviews of municipal documents and statistics (CS1\_CLO/ED\_2014). One developer explains openly: while the company did not commit to any specific investments at bid stage, their consultants assessed the need and identified priorities for the project area. They then designed development programmes, which are outlined in the bid (CS7\_IPP\_2014). Another developer explains that the preparation of their SED plan included visits to communities and the establishment of a community trust (CS4\_CS5\_WF\_Interview\_IPP\_ED\_17.09.2014). One respondent supports the finding in the previous chapter: some bids do not include any information about how the SED and ED funds are to be governed (CS2\_IPP\_2014). Projects with a well prepared strategy for the governance and investment of the commitments are a step ahead of the others. Ideally,

the strategy also includes measures and communications in case the proposed project is not approved.

In most cases, the community trust is now established, but with preliminary trustees (often company personnel) at this stage. Lawyers draw up trust deeds. Other projects choose to partner with existing community trusts (CS4\_CLO/ED\_2014) or decide to establish a new trust at a later stage only (mainly projects approved in the round bidding round). Some corporate partners, when interviewed, reflect on a changing understanding of economic development in the context of competitiveness.

It's a mission. (...) the fact that the market is becoming more and more competitive – something that was taken for granted a couple of years ago as to let's commit to the maximum requirement, is being reopened now, and developers are probably trying to come up with some more creative ways to implement and structure the ED and SED component of the bid (CS2\_IPP\_2014).

On the other hand, another developer states honestly that its bids are all based on the same commitments for SED, ED and LO (CS1\_CLO/ED\_2014). It appears that if companies propose concrete institutional arrangements in respect of SED, ED and LO, this information does not influence the bid evaluation by the IPP office.

### ***Announcement of preferred bidders***

This research did not find any evidence of project developers communicating to local communities about the results of the bidding process, if their project was not selected. The local newspapers do usually report about successful projects in the area. Some projects include local newspapers and radio stations when disseminating press releases about their award as preferred bidder. Company practice reveals that the importance of regular communication and transparency in the relationship as well as the building of trust between companies and communities is blatantly underestimated.

### ***Towards financial close***

Projects have 6-12 months to reach financial close. In terms of SED, ED and LO, not much happens during that time. Some projects amend the deeds of the community trust to suit funder requirements. Projects, which did not establish a trust before bid submission, register one now. The practice differs, with some projects appointing local community

trustees at this moment and other projects continuing to rely on company representatives as trustees. There are also some companies that chose to constitute the trust board with independent and professional trustees (only). Funders often determine this decision. Some companies make initial ad hoc funding for 'goodwill' projects and events like sport tournaments or Christmas parties in the beneficiary area available. There is no evidence of a company following a deliberate strategy or funding allocation process at this stage.

### ***During construction***

Latest at this stage, the project developer changes into an IPP or also called Special Purpose Vehicle (SPV). There are various legal and commercial processes underway in the background of the projects, which this research does not aim to follow or understand in detail. From the perspective of the public, ownership changes in some projects results in different people representing the project and responding to queries from the public. At the time of the research, two projects operated community liaison offices in proximity to their project sites.

Usually, if the project funded goodwill projects before construction, they often continue funding various organisations and events. The IPP now starts to engage in the company's internal discussions about how to approach community relations and development. This is most commonly discussed in the context of the assessment of local skills and recruitment of workers for the construction of the plant. In some projects community trustees are selected during the construction period. IPPs start contracting in-house personnel or an external service provider for community liaison, recruitment, public relations, BEE and community benefit work.

### ***With grid-connection***

The connection to the grid is in many projects a public celebration. IPPs host a launch celebration where they inform the audience about construction experiences and, if applicable, showcase beneficiaries of ad hoc funding to an audience consisting of media, selected local public and politicians.

### ***During operation***

The full operation will take 20 years, at least. That is the duration of the current contracts between the Department of Energy, the state-owned utility Eskom, and IPPs. With the start of commercial operations, projects that haven't done so earlier, will establish community trusts and start the process of selecting trustees. As discussed in the previous

chapter, the SED and ED funds occur from the moment of grid-connection while the timing of the local ownership related dividends is project specific. One ED manager describes the increase, over time, of available funds, “[They] are coming through the trust which start really small as the loan is being paid back but really ramp up” (CS4\_CS5\_WF\_Interview\_IPP\_ED\_17.09.2014). The following chapters analyse the practices employed by companies in more detail. What stands out already though is the gradual growth of awareness, as projects mature, among the corporations of the requirements for sound implementation practice, particularly from a socio-political perspective.

### ***Closure of the project***

According to the current conditions, the contracts expire after 20 years. Very few stakeholders discuss the close of projects at this point. One IPP shared “the vision is that the trusts shall continue the SED work of the IPP beyond the 20-year lifespan of the projects” (CS10\_CLO/ED\_2015). A community trustee raised the issue and avowed, “I want to make sure the trust exists forever. Some of the money we have to invest to make it last. Other money we will spend on community projects” (CS8\_TRU\_2015). The policy does not demand closure plans from companies. This topic will become more potent as the renewable energy industry matures globally.

Summarising, it is discernible that company practice tends to be reactive and to be applied in ad hoc way; this is related to lack of experience and of the capacity to deliberate how to improve the ways and steps of engagement. Some project development teams contract external advice, at times. Overwhelmingly though, company practice is dominated by resource constraints and the lack of capacity to make informed decisions about their actions. Further, lack of industry capacity creates tension due to the top-down approach to making decisions about community development. This will become even clearer in the following section.

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The following section presents the analysed interview contents. Chronological questions guided the semi-structured interviews. Starting with the background and current role of the respondent, the next questions lead the conversation through the different stages of the REIPPPP cycle. Latter parts of the interviews dealt with questions around challenges, collaboration, stakeholder roles and recommendations. The questions are designed to shed light on the logics and work that shape institutions in the implementable community renewables.

### **6.3 Institutional work efforts employed in the implementation of community renewables**

In this constantly changing process of engagement, relationship building and structure development, actors perform various kinds of institutional work. Regarding the institutions created in the context of these schemes, the question may be posed, what work goes on towards creating, maintaining or disrupting them at the point in time that the interviews were conducted? The following provides a more theoretical account of the logics and institutional work that is at play.

The interviews, which were in all but one instance conversations with one individual, allowed people to speak openly about their concerns and motivation. The insights gained into the logics applied by the various stakeholders by group (system ideal types) resulted in the previously mentioned applied attributes remaining unchanged.

The interviews revealed that there was a range of forms of institutional work underway. Across the three types of creation work (political, boundary and belief), project stakeholders were performing institutional work. Companies commonly create institutions through defining rule systems which, in this context are associated with the community benefit criteria. They are required to meet these criteria and to educate themselves and others on the rules. Communities and government also use education work to form and influence the creation of new institutions. Stakeholders actively construct identities and construct normative networks in order to arrange people and organisations around the task on hand. Far less prominent are mimicry and theorising efforts. Company and community respondents also make use of the conversation situation to educate an invisible audience and share recommendations.

Valorising is the most common form of institutional maintenance work. Embedding and enabling work follows. Government and communities invest a lot of effort into disrupting institutions through disassociating the moral foundations of practice and rules as culturally appropriate, but the disconnecting of sanctions and the undermining of assumptions and belief also take place.

Some work appears to be different from the work forms originally suggested by Suddaby and Lawrence (2006) and also as in the subsequent research (as presented in the

literature review). Work towards and against institutions, when implementing community benefits through RE projects, it is revealed, includes work of destruction, questioning, raising consciousness and envisioning.

The following section presents the findings regarding institutional work, starting with creation work, then maintenance work and disruption work, and finally introduces the new work forms identified in this research project.

### 6.3.1 Defining, educating and constructing identities in the creation of new institutions

The research shows that various stakeholders engage actively in creation work. Table 27 summarises the evidence for this statement by listing the codes and code groups and their allocation to the different forms of creation work. The actors engage in different forms of work, as is indicated in Table 28.

**Table 27 Codes representing creation work at project implementation stage**

Creation work	Codes and code groups	Govt	IPPs	Com
<b>Political work</b>				
<b>Defining</b>	Defining quantitative commitments			
	Defining the (missing) rules for community benefits			
	Roles and responsibilities			
	Defining funding allocation rules			
	Defining the role of communities			
	Legally defining local government's role on trusts			
<b>Advocacy</b>	Local government is advocating for collaboration			
	Communities arguing for multi-stakeholder collaboration			
<b>Vesting</b>	//			
<b>Belief work</b>				
<b>Constructing identities</b>	Community member's motivation			
	Identity of community trusts			
	Communities' knowledge about companies and their personnel			
	Consultation process			
	Company-beneficiary relationship through funding allocation			
	Governance of SED, ED and local ownership			
	Role of local government in development			
	Trustee selection process			
<b>Changing normative associations</b>	Realising collaboration			
	Community communication and consultation			
	Appointing and training company CLOs			
	Inclusion of local government in consultations			
	Experiences with corporate promises			
<b>Constructing normative networks</b>	Addressing the risk that community project could become reputational risk			
	Harvesting synergies in the long run			
	Development capacity within the IPP companies			
	Experiences of companies attempting to collaborate			
<b>Boundary work</b>				
<b>Mimicry</b>	Capacity within community			

	Promises made at public EIA meetings			
	Policy development to guide funding allocation			
	Implications of the community benefit funds for community fundraising strategies			
<b>Theorising</b>	Company rationale underlying community benefit work			
<b>Educating</b>	Assessing community needs			
	Weakness and strength of current communication practice			
	Critic of the REIPPPP			
	Recommendations expressed by respondents			
	Training experienced by stakeholders			

Table 24 indicates that political and belief work dominate the creation efforts. Companies and government act most often, communities being slightly less involved in creation work, but certainly also active. The following section presents the institutional creation efforts, in detail, by work form and then code group.

### **Creating institutions through political work: Defining work**

Political work comprises the institutional work forms defining, advocacy, and vesting. The latter does not occur in this research. Defining is the first form of political creation work and entails “the construction of rule systems that confer status, identity, define boundaries of membership or create status hierarchies within a field” (Lawrence & Suddaby 2006). Government and companies define rules, identities and boundaries of membership in the context of REIPPPP, in particular in terms of the policy requirements and project bid documents. The following section elaborates on the defining work undertaken in the defining of quantitative commitments, defining the missing rules for community benefits, defining of roles and responsibilities, defining of the role for local communities and also local government in respect of the community trust.

#### Defining quantitative commitments

Companies define institutions in their bids. They state quantitative commitments, develop ideas on who will govern the monetary commitments and assign roles and responsibilities to company internal personnel and external consultants. Bidding companies commit revenue and shareholding percentages towards socio-economic development (SED), enterprise development (ED) and local ownership. A company respondent describes the enterprise in this way: “[W]e had to start the trust from scratch and have community members represented in the trust and each trust owns 2.5% of the project” (CS4\_CLO/ED\_2014). The respondent continues, “It’s a different kind of funds. We bid that 0.6% of the turnover will be spent on enterprise development in the 50

kilometre radius post COD [Commercial Operation Date]. And 1.5% will be spent on social economic development”. Herewith the company defines its commitments.

The commitments carry the potential for confusion, even conflict between the stakeholders. Developers might sell a successfully approved project on to another company, which is then in charge of meeting the requirements. Apparently, that can be an issue of contention, as this government official suggests:

I must watch what I say now (...) sometimes there may have been tensions between developers who often put commitments into the bid to receive points, fair enough, they need it on the economic development side, 30% is a large part of a bid and then operators who are now saying yes, but we didn’t actually really, we did not commit to that, we didn’t make that commitment (...). We’re the operator and I suppose my concern is that some of the commitments might slip through the cracks because, you know on a technicality” (PROV GOV\_2014).

This comment illustrates the weight of the commitments as well as the value of effective communication and multi-stakeholder collaboration. Institutional work efforts, of various kinds, address these issues, as the following codes will show.

#### Defining the (missing) rules for community benefits

The Request for Proposals (RFP) document leaves room for interpretation about how much of the financial commitments has to be spent at what point in time. This company respondent remembers having to define the rules for the company in the absence of clarity. “I think the only confusion in the process was the fact that the department was not clear about what people could spend and when they could spend it (...). They have clarified that issue now so it would have been nice if clarity on a whole lot of those issues came at the beginning and not, they have unfolded as the process has been implemented” (CS1\_CLO/ED\_2014). The procurement programme foresees strict non-compliance penalties and decisions by brave individuals like this respondent shaped the evolution of the rules.

Along the same lines, companies also define for example their own policies for the funding allocation of SED resources. “I do not believe that socio-economic development funds should be spent on potholes in the township for example. (...) That’s a municipality’s function and they have money to do it. It can’t become a company competence” (CS1\_CLO/ED\_2014).



Project developers also define in their bids rules about the prospectus funding of beneficiaries and their needs. The language used carefully outlines funding priorities, to differing levels of detail. One company explains that, “The plans for all three projects are fairly similar and all conclude that the focus shall be on education and health. The programmes suggested for each projects differ however” (CS10\_CLO/ED\_2015). Another bid provides less detail, according to this respondent: “So I think there might be some language around that into the bid, but there’s no clear commitment to say, we’re going to be strictly sponsoring education,” for example (CS2\_IPP\_2014). The vague procurement rules allow companies to make their own interpretations about what are appropriate investments. Further, they continue the defining work in the context of community benefits in terms of the staffing and human resources within firms.

### Roles and responsibilities

Companies define professional identities through assigning roles and responsibilities in their teams. Such include the definition of job scopes and descriptions and the assigning of tasks associated with the implementation of community benefits. These differ a great deal among projects and companies. Community liaison officers (CLO) in each company, for example, might be employed under the same title but have different scopes of work. “The CLO is the main link between the project company and the community, which is a job very difficult to negotiate as the worlds are so different” (CS10\_CLO/ED\_2015). In one project, “The CLOs are responsible for recruitment. In [Project X]<sup>12</sup> the CLO only dealt with recruitment” while another projects “the CLO is the general ear and eye on the ground. The CLOs are here also members of the communication forum” (CS10\_CLO/ED\_2015). The same applies for economic development (ED) managers.

One ED manager explains that his/her work includes economic development, stakeholder engagements and public relations.

My job is divided into three areas. So I do economic development, which is socio-economic development and enterprise development. I do stakeholder engagement, which is the community liaison as well as government liaison and then liaison with any other external stakeholders. So, when Holle calls (...) or when a researcher from some other organisation calls it gets referred down to me. I do public relations so, all the stuff that you see on websites and the Facebook (CS1\_CLO/ED\_2014).

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Project and place names in quotes are disguised.

In another company, a separate team exists for the stakeholder engagement work. “In each of the projects we have community liaison officers and this [sic]community liaison officers report to the community relations manager” (CS2\_CLO/ED\_2014). The CLOs in this case are responsible for labour requisition and all questions the community might have about the IPP project. Community matters can also land on the desks of marketing managers, especially early in the project, as happened to this CLO:

Actually we don’t have a SED manager. It hasn’t been appointed (...). So what I do is I work with our marketing manager. Since I’m on the ground. I’m here in [Place X]. When there are projects that maybe the community has asked us to help them with, I’m there, I basically facilitate those projects. So right now we, we haven’t really started the SED programme (CS6\_CLO/ED\_2014).

This situation is a sign of the emergence of the industry and in particular the programme specific addition of economic development as being the responsibility of energy companies. Mature sectors, like the mining industry, work with entire teams who are experienced in company-community relations and are development experts. With increasing experience of implementation, South African renewables companies are growing internal or contracted service providers for the ‘social’ aspects’ of their work.

#### Defining funding allocation rules

The allocation of funding is another area in which companies are creating new institutions through the work of defining. For example, corruption and nepotism might be defined as unacceptable and funding granted may have to be spent for the indicated purpose (CS1\_CLO/ED and COM\_2014). Another company advises about their decision making process. “A process was established in which people were called in, with their proposals, and given numbers for each proposal. The CLO also divided the proposals into social- and business- related funding applications” (CS8\_IPP\_2015). Funding rules can also include instructions about the correct attitude towards the media. In this instance, the company asked the funded NGO to contact them before making any public statements about the funding received. This is regulated by a confidentiality clause in the funding agreement that is justified in terms of the marketing and public relations policies of the company.

#### Defining the role of communities

Communities don’t appear to engage in defining work. Communities instead are defined; as beneficiaries by government through the policy requirements and as local (beneficiary) communities by companies. “The community is meant to take the project over in a way. They shall see the project as an opportunity to not only get short term jobs,

but as an opportunity to build the future of the community” (CS10\_CLO/ED\_2015). Companies also define the roles of other organisations. “The SED funds are transferred by the company into the (...) trust. At this point the compliance issue is solved for the IPP. It is then up to [the trust] to make decisions about when to best spend the funds in the various projects” (CS10\_CLO/ED\_2015). And companies struggle to grasp the role of local government, as “they seem to be absent. Missing in action” (CS8\_SED/ED CON\_2015). Companies arrive in place with pre-defined ideas about the role of communities and local government. In many instances, these initial roles change as energy projects mature and collect more experience with the implementation of community benefits.

#### Legally defining local government’s role on trusts

Lastly, companies and their contracted legal advisors define rules in trust deeds. Trust deeds form part of most bid submissions. The deeds instruct on practical and governance issues of the trust, including for example the selection of trustees and their serving times (unlimited versus temporary service/election), the constitution of the trust board, local government’s role in relation to the trust. Despite the legal guidance, this respondent suggests that the maintenance of these created institutions requires concerted efforts to ensure that rules are adhered to. “

Any government official or councillor is not allowed to sit on the board of the community trust where there is sort of a vested interest. So it is not actually allowed; it happens everywhere but it is not actually allowed in terms of legislation, as I am sure you know. But I think we are still obviously grappling with how does government and developers work. (...) how do developers and local government and renewable energy wind farms or solar energy farms work together, especially in SED and EB spend... (PROV GOV\_2014).

This example indicates that defining work has taken place, that even if law or legal documents define institutions, they are subject to changes. Institutions require maintenance to be sustained and they might be disrupted if found to be ill conceived or unsuitable.

Companies create many institutions through defining. Their attitude in many of the outlined examples can be described as top-down. This appears to be a pragmatic necessity, which fits well with the general company logic and the procurement programmes process. Communities and local government are, then, objects of definition work, in the procurement requirements as well as in practice, at least at this early stage

of the implementation of projects. This research did not identify any examples of communities undertaking creation work through defining rules or roles.

### **Creating institutions through political work: Advocacy work**

Political work can also be undertaken through advocacy. Advocacy involves “the mobilization of political and regulatory support through direct and deliberate techniques of social suasion” (Lawrence & Suddaby 2006). This research finds mild efforts of advocacy within local government advocating collaboration and within communities that lobby for multi-stakeholder collaboration.

#### Local government is advocating for collaboration

The research finds local government reporting its advocacy efforts thus:

We want these kids to be able to maintain the wind farms. (...) I mean we don't even have maths and science teachers. Some of the schools don't teach maths or science because they don't have educators. So those are the things that we're trying to advocate with the Department of Education to say guys if we can get bursaries...(LG\_2\_2014).

Local government finds it politically problematic to engage with IPPs. A government official demands that the private sector actors should engage the municipality with an invitation to have a conversation. The official seems to believe this is the best and only way to commence a collaboration effort (LG\_3\_2014). Another government representative, however, suggests addressing national government about amending the requirements. “The DOE [Department of Energy] needs to be doing their homework and saying well, maybe their approach is not to submit an economic development plan, maybe submit a partnership agreement with local government” (PROV GOV\_2014). This issue is emphasised by the suggestion that the current procurement process is sub-optimal and requires amendment.

I think DOE should have made it mandatory that there, if not consultation with the communities for obvious expectation management reasons, the developers should have engaged with local municipalities both from a technical and infrastructure point of view and from an economic development point of view before they even went to bid. (...) So you're forcing local government

engagement before you even bid (...). Yes, so I do think that it is a fault in the process. I don't think it is the developers' fault. They are just, they're trying to get a bid approved (PROV GOV\_2014).

These examples of advocacy efforts challenge national government to improve the conditions for collaboration amongst stakeholders, including local government, in the development and implementation of renewable energy projects.

Local government is further advocating for various ways on how the funds made available for community benefits should support municipal development goals. This could be done through co-funding projects identified in the Integrated Development Plan (IDP) of the municipality (LG\_3\_2014). Local government explains the thinking behind this suggestion. *"You have a situation where the, the funding (...) that comes to the municipality is dwindling and you have a project, a multi, multi billion rand project government created which is supposed to in some way assist struggling municipalities (...) it must begin to translate to local development you know so which is not what is happening at the moment and this projects are focusing, they have got a plan of their own which is not informed by the developmental needs of the local municipal, municipalities. That's a problem that we are having"* (LG\_1\_2014). Local government is clear that they wish to have a say in the decision-making around the obligatory community investments.

#### Communities arguing for multi-stakeholder collaboration

Multi-stakeholder collaboration is an important topic for companies, but just as relevant to communities. The Industrial Development Cooperation (IDC) is facilitating a multi-stakeholder process, referred to as Development Coordination Forum (DCF), unique in the current REIPPP situation. The DCF involves stakeholder from local government, industry and communities. Various respondents express support for the process. Community trustees represented on the forum appreciate the effort. One trustee finds that *"There is coordination needed between the different players. The DCF is a good attempt towards that"* (CS13\_TRU\_2015) and another trustee forecasts: *"The DCF is a good thing. If we don't talk to each other we could clash along the way. The DCF will allow to work together, also in bigger projects"* (CS8\_TRU\_2015). While the DCF stakeholders are already meeting, a development agency interviewed in a different part of the country still wonders how to improve the relationship between companies and government. *"So there must be some or other relationship between (...) these developers or these community trust and the district office there on how, what money is going to spend, you understand"* (DEV AGE\_2014). Multi-stakeholder collaboration is of particular interest to the parties that the

programme currently overlooks and not assigns any specific or active roles to. These are also the people and organisations whose interests and mandate are directly linked to the geographic area in which companies arrive to build energy plants. Excluding them is short-sighted and inevitably will cause upset.

Advocacy work, as identified in this research, occurs as a gentle form of institutional work. It is stronger, but can be compared to the work form 'raising awareness' which is uniquely found in this study.

### **Creating institutions through belief work: Constructing identities**

Belief work comprises institutional work towards constructing identities, changing normative associations, and construction normative networks. Constructing identities is a form of institutional work that is grouped under belief work. It entails "defining the relationship between an actor and the field in which that actor operates" (Lawrence & Suddaby 2006). This work form is frequently used by actors in this research. Actors construct identities in relation to community member's motivation to engage with IPP: the identity of community trusts in relation to the IP; the consultation process itself; the company-beneficiary relationship through funding allocation; governance of SED, ED and local ownership; the role of local government in development and in the context of the trustee selection process.

#### Community member's motivation

Local community members construct identities as they explain their motivation to engage with the wind and solar companies. The trustee of a solar project community trust says, "I have always been involved in community things. I am always concerned about helping others and trying to improve the situations" (CS8\_TRU\_2015). In another community, a recognised female leader describes her motivation similarly, "I've been living here all my life. Yeah going school here at the primary school and still wanting to see the place develop and get more successful" (CS6\_COM\_2014). For these two individuals, acting on behalf of the community appears to be driven by a strong feeling about heritage and the experience as caregiver and leader in the community.

#### Identity of community trusts

Identity plays a role also for the established community trusts. Companies, in some cases supported by consultants, facilitate the formation of new community trusts. The company's lawyers draft the trust deeds, and trust income through the project

shareholding is guaranteed for 20 years. The identities of these trusts are in the making, still shifting and sometimes problematic. One community trustee envisions the trust he serves on as merging with other REIPPPP community trusts. “Yes we know the other trust, the [X] trust. And there will be more solar projects coming, maybe another 5 around [town]. Maybe sometime in the future there will be a big trust” (CS8\_TRU\_2015). In the future, the community trust will be independent of the IPP and company, this company executive foresees: “Eventually the trust needs to emancipate itself from the project company and function as a community trust, which focuses on spreading the benefits of the dividends amongst the community” (CS9\_IPP\_2014).

Although, as these quoted words reveal, trust identity is being discussed hypothetically and with an eye to the future, the current situation is that companies form the trusts and appoint trustees and draft deeds, in most cases without communities and on behalf of communities. Therefore, the default identity of the trust is closely associated with the company.

#### Communities’ knowledge about companies and their personnel

Getting to grips with the local actors and organisations can be challenging for companies. This is also true the other way around. Communities struggle to ascertain the companies responsible for the different projects, let alone identify their personnel. “There’s one, I think this one was another wind farm. Yes, one other one. I don’t know which one, it is for us, being on the floor, a bit confusing who is doing what, there are so many different people involved with one project anyway so I am not sure” (CS1\_COM\_2014). This ED manager, seeing the situation from the company’s perspective, explains that she has a close relationship with the community she works with. Confusion is not an issue according to her. “So they, because yeah I’ve been around, I focus on [Place X] you know I talk too much. [The other ED manager] doesn’t talk that much, you know what I mean. So when, when they see, they know it. (...) Yeah but they don’t really confuse me. Unless then I can go work for [another IPP] then, then I will confuse them” (CS3\_CLO/ED\_2014). It appears that at the time of the research neither the companies nor the communities associated any specific identity with creating measures or efforts with any individual company representatives. Company personnel relied on their reputation and personal impression. This situation can be expected to change over time with companies developing more sophisticated plans for how to manage their local reputation.

#### Consultation process

The relationship between a stakeholder and an IPP is determined through decisions of inclusion and exclusion of individuals and organisations. Companies, for example, can decide to include local government in the consultation and decision-making process: “And the sports development projects, you know all those kind of things they have been presented to the council and councillors adopted their council resolution to that effect” (LG\_1\_2014). Another company shares the sentiment and explains that local government plays an important role in the community work undertaken. “... apart from talking just to the community we also have regular meetings with local government especially the LED department. You have the local economic development department and they also have their input on our projects, on our community projects (...) they’ve been in this community for a while, they, they know the dynamics” (CS6\_CLO/ED\_2014). Companies employ different consultation strategies, with the result that local government in some projects is heard on issues relating to local economic development. This is a practice that will have to be mainstreamed across the industry to ensure that community investments result in sustainable impact.

#### Company-beneficiary relationship through funding allocation

The funding allocation process brings community beneficiaries in relation with companies. Companies fund with established community organisations, but also smaller community-based projects, while some companies chose to also start their own initiatives. The amount of funding available and its timing appears to determine the type of relationships created. Companies busy with construction and the early days of operating tend to allocate funding in an ad hoc fashion, without following a deliberate strategy. The executive of a company rationalises the company’s approach: “We had no obligations before financial close and we have no SED and enterprise development obligations during construction. The bid doesn’t require us. But because we are within the community we’ve established relationships with them, what we did, we asked our shareholders for a little budget for small projects we call goodwill Initiatives” (CS4\_CLO/ED\_2014). Goodwill projects are supported, but often only once.

One ED manager explains “*We’re just doing basically social relief (...) we started a new soup kitchen (...) they asked if we could get them a waiting room facility (...) that’s why I’m saying social relief basically, just little projects that we can do while we don’t have the big money yet*” (CS6\_CLO/ED\_2014). Another company provides financial support for the matric prize-giving ceremony at the local schools: “the project company now also donated R3 000 to each school. There’s 20, 26 schools, primary schools and high schools for the prize



giving it's just to say -- probably two or three of them requested that but others were just caught by surprise" (CS3\_CLO/ED\_2014). One company recounts 'small actions' they do for the community during construction. This includes purchasing books for the local schools and offering leftover construction materials and equipment to local residents. "Yeah on small actions or we share for instance all the -- not refusal but you have some equipment like this that the -- in fact the community they are happy to take" (CS7\_IPP\_2014).

Further along in the process, companies allocate larger amounts of funding to organisations. The relationships created through this tend to raise high hopes for future funding. A small not-for-profit organisation, which receives funds from an IPP for activities in a community, explains, "So I think with this year's funding we will learn more and see and build on that relationship. Hopefully a long-term relationship" (CS1\_COM\_1\_2014). Another NGO, which received funding, points out how rare a reliable funding source is, "So I am hoping that this will be a sustainable relationship that we can continue to grow and because it is hard to think of growing plans if you battle to be sustainable. So I am hopeful and excited for this partnership" (CS1\_COM\_2014). Community organisations generally lack knowledge about the funding committed and available from the projects.

Two IPP projects studied have committed to funding one specific NGO each. The commitment is for five years in the one project and a commitment for the full 20 years in the other. The first company retains a budget to fund additional projects, while the funded NGO implements educational programmes (CS7\_IPP\_2014). The second company follows a company-specific approach to community benefits, which comes with trained experts from overseas. An NGO is established locally and local staff is hired in support of the operations (CS8\_IPP\_2015). Of all projects studied, this NGO is likely to be the one most closely associated with the company. The identity of those NGOs and projects that most closely and for the longest term collaborate with REIPPPP projects will be influenced by this funding relationship. Just how this influence will pan out, remains to be seen and provides content for future research.

#### Governance of SED, ED and local ownership

Some companies are in a position to speak about their long-term governance plans for each of the three community benefit funds (SED, ED and local ownership). The level of certainty for these plans differs between companies though. This executive, for instance,

indicates that corruption is the biggest challenge. “Your biggest challenge in [Place X] is corruption therefore you would need a proper management model to ensure that your funds are utilised properly and they yield the desired results” (CS2\_CLO/ED\_2014). The company therefore decided to govern the funds itself. “And I’m saying [the company] must ensure that their fingers are on the pulse because of the big C word, the corruption word throughout this communities” (CS2\_CLO/ED\_2014). How exactly that is to be done is still unclear according to the company. “Well, it’s something we’re busy figuring out. It can be a scorecard for projects or SMMEs or NPOs to benefit from the funds, and then all the submissions get rated, and then the submission that gets the highest scores will be considered. And then my understanding is that it’s at the own discretion of the project company” (CS2\_IPP\_2014).

Another respondent indicates that the company is sharing governance responsibilities on the community trust with another entity, the Industrial Development Corporation (IDC). “I’m not 100% sure how the SED part works. (...) But I do know for a fact that ED will be in a trust that is taken care of by the IDC” (CS6\_CLO/ED\_2014). Even less certain about the governance structure is this ED manager at another company; he tried to explain the arrangements made, but failed. “So I understand SED and ED will go into the trust as well. It will be separate. Yeah but with us we don’t have an ED commitment or obligation. (...) What, okay I will just speak because I don’t know the deep, deep story” (CS3\_CLO/ED\_2014). It emerges that where there are preliminary ideas in place, they appear to lack grounded experience. Companies and funders arrive at these ideas at their desks. They will have to play catch-up with the reality confronting the people and places they are meant to serve. Any initial time and budget saving exercise, any shortcut to accessing information, can then soon appear to have been an ill-advised action that might require extensive resources to amend and mend.

### Role of local government in development

For some of the affected communities, local government plays an important part as development facilitator, while other communities have a rather loose relationship with the local municipality. The nature of the relationship is based on historical reasons and current sentiment. An ED manager explains that while the one beneficiary community perceives itself as independent from government services, a second community, which the project wants to support, is closely engaged with the municipality. The IPP allows for the communities to determine how the collaboration with local government should be approached (CS3\_CLO/ED\_2014). Another company reasons that local government is

crucial to the community work it foresees. “You see the municipality must have a role because they have a local economic development limit, right, so as a stakeholder I think they’ll play a very important role in terms of assisting us with the thought process, they will be able to say we’ve done it, it can work, it can’t work, the thought process. (...) So that we are all signing from the same hymnbook and I think by doing so the impact is going to be great” (CS2\_CLO/ED\_2014). Another approach altogether is to work around local government by choosing a development focus that does not lie within municipal competence, for example, education (CS1\_CLO/ED\_2014).

### Trustee selection process

The process employed in selecting the individuals who serve on the trust board affects the company-trust. Companies or members of the community identify candidates they deem suitable to serve on the trust. Selected trustees tend to be active citizens with a history of being involved in the community. The community trust deeds in many instances state that government officials are not eligible to serve on the trust. Still this research has interviewed a local councillor who has been appointed as trustee. In fact, in that specific case the whole board is equipped with councillors of the local area, the major ordered this (CS8\_TRU\_2015). While some projects have been in operation for almost a year already, others companies are still contemplating how to go about the selection of trustees.

The constitution of the board can be predefined by the funders of the local ownership shares and might include recommendations about the number of community, independent and company trustees to be appointed. Most funders and companies like to be represented on the trust’s board. A company reports of a minimum allocation of half of the chairs to independent trustees (CS1\_CLO/ED\_2014). Some companies simply appoint company representatives as trustees. Some funders (IDC and DBSA) appoint a representative as well. The company and funder collaborate seeking independent trustees, while community representatives are selected through various processes. Such processes can include public meetings with nominations and elections, newspaper advertisement of the positions, interview processes, and feedback mechanisms between community and company to confirm the candidate is widely accepted as representative of the identified beneficiary community. These processes are as inclusive and transparent as the private and financial companies determine them to be. The design of an appropriate process is challenging, particularly in the light of limited experience, capacity, time and budget available. This complex situation causes discussion and conflict in some projects.

Companies report that in some communities, there are no suitable candidates to be found. The next best option is then, one company finds, to appoint people from the greater region who can decide on behalf of the community (trust) (CS2\_IPP\_2014). In another area, the residents and local government appear tired of engaging with business around just another list of development promises and the company eventually resigned itself to appointing government officials as trustees (CS8\_IPP\_2015). In another project, the beneficiary community was outspoken and objected to the plans of the company to establish a trust without community consultation or representation on the board. "What's going to happen with it [the money] yeah? Where is it going to go into, that's why we want to know the trustees, who are the trustees -- And then if they aren't from the community, why not, who decides that there aren't people from community on that board" (CS6\_COM\_2014), CS6\_COM\_1\_2014)? A different community proactively informed the company on how they wish to be engaged with. "And then they brought this document, terms of reference and consult the community and then at the same time wanted community to elect their trustees based on that document. And we said no, no, no this is not what you've -- this is not what you do, you first agree on the terms first, have the terms adopted by the structure, by all these people that you have, you have called into this process" (LG\_1\_2014).

In another project, the company managed to tap into the existing skills and local knowledge of residents. The company's ED manager explains how they utilised local capacity. "...when we were electing a replacement trustee there was a time when one of our trustees passed away and we went to the community and called a bigger community meeting to get nominations to replace her, there were about seven or eight people when we interviewed the potential trustee which we also liked even though they didn't get the job. So we asked them to form a development forum that's going to be an advisor to us because we were fascinated by what they are already doing in their communities, we wanted to tap into their skills" (CS4\_CLO/ED\_2014).

The institutional work form 'constructing identities' appears frequently in this research. The main actors in this context are companies. They use it with the intention of creating institutions that organise the field. Another way to do just that is through changing normative associations that people have of specific practices.

### **Belief work: Changing normative associations**

Changing normative associations, another form of belief work, entails “re-making the connections between sets of practices and the moral and cultural foundations for those practices” (Lawrence & Suddaby 2006). The implementation of community benefits leads to the formation of practices. New as well as established practices, which redefine and re-connect, represent work towards the creation of new institutions.

This research finds that normative associations are changed in the context of realising collaboration, community communication and consultation, the appointment and training of company CLOs, inclusion of local government in consultations and experiences with corporate promises for development.

### Realising collaboration

Companies present differing appetites for engaging and collaborating with other companies around community benefit work. While some companies understand a conversation about collaboration as a useful exchange, others view it in a more critical light. This company positions itself as open: “why not join another programme, something which has not been explored if there is another IPP close to us, can we do something together” (CS7\_IPP\_2014)? On the other hand, there is also scepticism, as expressed in this extract:

INTERVIEWER: So you’re currently not engaged in exploring collaborations with other...?

PARTICIPANT: No. Because there’s no need for that.

INTERVIEWER: Okay. Would you be open to it in the future if that’s...?

PARTICIPANT: Well, if it makes sense, yes; but... [pause] not opposed to it” (CS2\_IPP\_2014).

The need to collaborate becomes clear when thinking of multiple IPPs that share beneficiary communities or areas (CS8\_IPP\_2015). Companies that have established a community liaison office might be a step ahead of others, in particular when considering meeting and working with another company. This community liaison office is prepared: “... if there’s any collaboration but we haven’t had any now with other [IPP projects], this office still manages that collaboration” (CS3\_CLO/ED\_2014). Another community liaison office deems future collaboration important as they expect additional IPPs to be awarded in their area. Currently, communication between IPP companies in the area focuses on technical issues. “At a later stage” development might be a topic as well in these conversations, the ED manager expects (CS6\_CLO/ED\_2014). It is critical for a company

to have dedicated capacity installed within project teams to allow a company to even entertain the idea of collaboration.

The following two projects already miss collaboration, by them termed 'coordination'. An executive explains how a centralised approach would not be preferred, but coordination of efforts is needed. "Everybody is trying to guess the needs in their, in their corner and making decisions (...) I mean it's, it's like this we are not in a (...) fully centralised world (...) it's not too bad because it's better (...) but still a bit of coordination can, cannot harm and can, can help a lot in some cases" (CS7\_IPP\_2014). The ED manager in the second project describes the company's investment in a comprehensive community asset mapping exercise. The neighbouring IPP undertook a similar process, but neither were the processes aligned nor the outcomes shared.

INTERVIEWER: So it sounds as if in terms of collaboration with [IPP X] there isn't much happening at this stage or –

PARTICIPANT: Not that I know of but I know that initially they said we will work together because we're working with the same communities. (...) So it wouldn't make sense if that's the right word to use to -- I'm going to make an example now we're funding this project and they also funding this project also then it's you know duplication of, of work but I'm sure -- well I'm hoping that perhaps then there will be something but I haven't really heard of-“(CS3\_CLO/ED\_2014).

It is apparent that the speaker has thought about the issue of collaboration, but possibly lacks the mandate or power to enforce what in her/his mind 'makes sense'. The normative foundation of the status quo, that is not to collaborate, is critiqued in this example. Similar criticism also emanates from communities, as the following code finds.

#### Community communication and consultation

Communities that are in the know and have sufficient capacity challenge company practices of communication. This company experiences pressure to adopt a transparent and accessible communication style. "I don't know whether it, it is a cultural thing but this communities expect these companies to be their economy development partners for the next 20 years. Community meetings are meant to update people, and to be open, transparent and visible" (CS2\_CLO/ED\_2014). Another company makes a point of bridging the corporate-community divide in their community liaison and development work through active participation in cultural activities and processes important to the community. "If there's a funeral of a prominent person in the community we are visible. If there's a local traditional thing happening and it's important to the community, we will

be there and it's made us -- it's expensive it takes more time but it has created a, a type of community that we know will fight for our project should anything go wrong, that we know we'll defend because they know us personally, we know them personally" (CS4\_CLO/ED\_2014). Some companies collect information about their behaviour and its impact on the company-community relationship. Some of this information is generic and applies to any respectful relationship; other information is place and people specific.

The importance of a policy and practice that require communication and consultation to be open and honest is raised by this community member. Asked to propose an appropriate community engagement approach, the speaker outlines the first step: "Definitely spend some time in the community". The company will then analyse the impressions of that time spent with the community and, ideally, feed their findings back to the community to start a constructive conversation. "Then go to the community and say okay, what we have identified are these. How do we fix these problems?" Subsequently, the planning should incorporate cohesive elements. "It's difficult to sit here and say there's your plan. You know. Building various things and everything feeds into that plan. (...) It's a bit like outcomes based education. Since urgent needs do crop up, the funders should be motivated to retain an emergency budget for ad hoc funding. "And there's room for little ad hoc projects and that but it needs to feed and be supported by an underlying foundation of why we're doing things." The goal is the improved wellbeing of the whole community. "You need to know, this is what we do, everything feeds into that outcome. Not just to do good. The eventual outcome is the betterment of the whole community. We need to make sure that in the end we've really given people a better opportunity in life." The advice ends with a request to raise the bar of ambition. "I think it's possible. But, not like we're doing it at the moment." (CS6\_COM\_1\_2014). The community's respondent objects to the belief that the current company practice discussed in this example will result in 'betterment of the whole community'. Instead, the respondent advises that the current process and goal require review and improvement if any lasting and meaningful impact is to be achieved.

#### Appointing and training company CLOs

Community Liaison Officers (CLO) generally bridge the corporate and community worlds. At least that is their task in the eyes of their employers. Many industries employ CLOs. The renewable energy industry in South Africa, however, only commenced implementing large-scale projects with the REIPPPP programme, from 2011 onwards. CLOs with experience in the renewables industry in South Africa therefore did not exist at the

beginning of the programme. The CLOs that companies are appointing have with various levels of education and different professional backgrounds.

One company explained how the practice of appointing and training the CLO is tailored to REIPPPP's specific needs. "The CLOs are selected by and through the community. The CLOs are local people. The local government is assisting in the selection, but the community itself makes the actual selection". That is deemed crucial to the community's willingness to respect the person selected. CLOs also require information about the REIPPPP in order to conduct their tasks. This ED manager describes that information about REIPPPP is included in his/her company's training for CLO's, which is conducted on a one-on-one basis and includes on-the-job training in the relevant local communities of the project (CS10\_CLO/ED\_2015).

#### Inclusion of local government in consultations

Project developers consult local government on technical and other issues, including water and land zoning. Local economic development (LED) officers and units within municipalities complain about being excluded from these consultations. The exclusion is twofold because neither do the companies knock at the LED office doors nor do their government colleagues involve them in meetings with prospectus developers and awarded IPPs. LED within local government, as also ED management in the RE companies, is often staffed with female professionals. This government official perceives the exclusion from REIPPPP-related matters, even if they fall within the core functions of LED (e.g. skills and employment and SMME procurement), as gender-based discrimination. "And the sad part was that the manager for LED and the director, we were both female so it was I think the whole male issue as well, what do they know, it's a technical thing, they're not going to understand" (LG\_2\_2014). She notes a turning point in the practice of her municipality after the visit of the (female) Minister of Energy.

And then I think in 2013 the Minister of Energy, Dipuo Peters, then. She came down with a whole delegation and she actually publicly make note of and she mentioned LED should be an integral part and since then it was done, okay fine, the lights went on, you guys are now worthy to be part of. Actually, not really but by then I think we had managed to convince them, but I think she just basically made it easier for us, for them to understand that's why we needed to be in the space (LG\_2\_2014).



The official acknowledges a further contributing factor to LED inclusion in the relationship with IPPs, which takes the form of the challenges construction companies face with labour and procurement related issues, “construction started, when the strikes happened, they ran to LED (...) So they knew where to come when they had these staffing issues and protests and that, then they said okay now maybe it’s time to get LED in.” (LG\_2\_2014). There is reason to believe that the hiring practices of renewable energy companies and the associated construction partners have been adversely affected by experiences in the early stages of the projects. The LED officer is hoping for this to be realised; “So please can we get your buy-in from the beginning” (LG\_2\_2014). The opinion of a second LED officer from another province supports her case: she advises that all relevant government departments should be invite right from the first meetings between project developers and local government. This informant further adds that wide consultation improves the knowledge base and enhances the prospective outcomes of decision-making (LG\_3\_2014). These examples challenge not only REIPPPP-specific practices but also the prevailing dynamics within the municipality, dynamics that appear to constrain the involvement and effectiveness of the LED unit. The unit is staffed by women and the staff experiences their exclusion from certain processes related to REIPPPP as gender discrimination.

#### Experiences with corporate promises

Lastly, evidence for re-connecting practices experienced with their moral and cultural foundations appears in the data associated with this code. Individuals and organisations that have previously had negative experiences with funding promises from private companies, report on their scepticism and fears of being disappointed again. “I had, we had some with [NGO X], we had actually a bad experience with them. There was money promised and then, but not to, only one, there was different projects. Even the, there’s a local church here that was also promised money for a project and they just came back and said sorry, no, it is not there anymore” (CS1\_COM\_1\_2014). Disillusion in another community is driven by consultants studying people’s needs and wishes without returning to implement any of the discussed changes (CS13\_TRU\_2015). Community members also report being frustrated with ill-considered programmes from the companies that do actually implement something. One such example is the awarding of bursaries. These are awarded for specific degrees only, the result being to exclude most of the youth wishing to study further on the basis of their school performance and interests. Another complaint is that companies that argue that they create employment opportunities often overlook the fact that work experience is the one missing factor in a

candidate's application-- especially in rural areas where the opportunity to gain this experience is scarce (CS13\_TRU\_2015)

Changing normative associations is a sensitive and emotional form of work. The discussed institutional workers object to disrespectful treatment. It may very well be that this kind of work is the most important work of all and if overlooked, unheard and resisted, the unjust institutions that these actors are trying to change become fuel for conflict.

### **Creating institutions through belief work: Constructing normative networks**

Constructing normative networks means, "constructing of interorganisational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation" (Lawrence and Suddaby 2006). This is another institutional work form that, employed to create new institutions, acts to address reputational risks associated with community projects. Other examples of this work include the harvesting of synergies in the long run, development of capacity within the IPP, and making known the experiences of companies attempting to collaborate.

### Addressing the risk that community projects bear

Companies are averse to risk, and the community benefit requirements increase the level of risk on a project. Reputational risk is closely associated with the implementation of community benefits; termination points, in the case of non-compliance with the investment schedule, are a second risk. One company explained how their implementation strategy takes into account the risk associated with partnerships and dependency on other organisations.

So the fundamental thing that companies worry about is the danger or the risk of not delivering and meeting your obligations in each financial year and so it is always the underlying thought in the back of my head in identifying partners (CS1\_CLO/ED\_2014).

The interviewed ED manager compares different approaches to engaging with government departments on programmes the company likes to invest in and see implemented. He describes how in one province the relevant government department takes charge of recruiting suitable candidates for the company's programme while in a second province the company itself does the recruiting, with the assistance of an NGO. In the eyes of the company, the government in the second province has a bad reputation for the mismanagement of funds. In the first province, the company calculates the potential

for a successful recruitment process as higher with the likelihood of compliance, ease of monitoring and openness to the evaluation of government's performance deemed more probable. "So from an implementation point of view my logic has been that you start with an existing, organised, stable [entity] and then you will grow as those programmes settle, your appetite for risk will grow" (CS1\_CLO/ED\_2014).

The RFP threatens companies with termination points in cases of non-compliance. This risk should be mitigated and strategies for mitigating this risk are important.

Termination points are a huge problem so I am not going to take short cuts. There are some developers who are giving all their SED stuff to one entity, like a FET college, there are others who are outsourcing it completely to companies that do SED work (...). We have chosen not to take that route. We want to develop the competency to make these partnerships on our own and to take responsibility for the contribution that we need to make (CS1\_CLO/ED\_2014).

The establishment of inter-organisational connections depends on the company's perception of the compliance risk associated with a specific partnership agreement.

I will not risk a partnership where paralysis in the bureaucracy will result in us not being able to spend, a consequence of which, and that is why (...) any programme that I have contracted with the department that does not take for whatever reason, because of their inability to deliver on some of their obligations, the funding will get shifted, until they are ready, the funding will then get shifted into a pipeline of projects elsewhere, that we will develop over the next couple of years (CS1\_CLO/ED\_2014).

This is a clear example of a relationship between two actors, the company and the government department, in which checks and balances are in place with regard to the monitoring, reporting and evaluation of the intended purpose of their connection.

#### Harvesting synergies in the long run

Local government is mandated with facilitating development. The opportunities for synergies are plenty, but matching funding with initiatives and involving other organisations and stakeholders can prove demanding. A local government official exemplifies the efforts undertaken to facilitate collaboration and big-picture thinking. He describes an IPPs wish to improve sport facilities in one of the local communities.

This sports field that they upgraded. They went and they spoke to the councillor in a one to one of the councillors and the communities and they [the meeting participants] said no to upgrading the sports field. (...) We said to the sports council go to the meetings. The sports council said no, rather fence the sports field because the minute you're going to upgrade people are using it as a thoroughfare to walk through to get to the other side of town. Fence it rather because whatever you do it's going to be vandalised.

The company appears neither to have listened to nor to have appreciated the input provided by the sports council. "They upgraded the place, within a month it was vandalised."

The company came back to the LED office at the municipality.

Then they came to us, what must we do now, the place is vandalised. We said but you didn't listen. You consulted but you didn't listen. We said to you fence and until you fence you can do everything, all the wonderful things you can do. (...) But, you don't fence people are going to continue walking through it. It's going to continuously be vandalised. It's been vandalised for a second time now.

The government is concerned about holding onto the bigger picture, without scaring potential funders off by making the task on hand too complex. "So it's all these partnerships that we're trying to make. (...) It's challenging for the companies but for every stakeholder involved I believe, it's -- yes it's a fine line between being effective short-term but thinking long-term and having the bigger picture" (LG\_2\_2014). In this example, government is outlining its efforts to manage the quality of the company's work in the community, while engaging in a patient effort to influence the company's decisions. In support of this, the government officials create a close relationship with the corporation.

#### Experiences of companies attempting to collaborate

Some companies are attempting to design processes in support of collaborative efforts in communities. This is in line with the advocacy work of communities and government respondents in aiming for greater coordination and collaboration amongst IPPs. One company prides itself on achieving an agreement with the neighbouring IPPs "You see, I think in [Place X], it is going to be easier because the developers have agreed that we will

inform each other about what we are doing” (CS1\_CLO/ED\_2014). The agreement is mutual and implemented through the help of a spread sheet. “I will tell them what I am doing, they will tell me what they are doing so we will have a big spread sheet that says in this area, over this, these are the programmes and this is the extent to which they are being supported” (CS1\_CLO/ED\_2014). The expectation associated with this arrangement is to minimise risk by, for example, preventing NGOs from claiming expenses twice. The ED manager explains the envisaged impact of the spread sheet. “We won’t have organisations sending us the same proposal and expecting us to fund the same things (...). Because they always plead poverty, and that’s just the nature of the game” (CS1\_CLO/ED\_2014). This is an exemplary initial attempt to achieve practical collaboration.

Collaboration challenges the inherent competitiveness of companies. “So I think that if we are able to not compete in the terrain, also there are some developers who will outspend me anyway (...) So you cannot compete when you have a [small] percentage stake you know. There is no competition here, there is absolute room for collaboration and that for me is the essence of what it should be and I am hoping it will be” (CS1\_CLO/ED\_2014). The manager went as far as seeking feedback from another IPP feedback about possible co-funding of a specific programme proposed by an NGO.

Contrary to this example, another ED manager argues that competition remains a barrier. “We don’t meet. I think we are competitors. (...) It’s a new industry, we are all learning and I think there’s a need for us to come together and talk and share experiences and not view each other as competitors” (CS2\_CLO/ED\_2014). This view is supported by a third ED manager, who expresses disappointment and scepticism about the actual willingness of IPPs to collaborate. “It’s difficult to -- we’ve tried, we’ve been talking to quite a few on both sides. People promise yeah, yeah, yeah we’ll work together and everything but it hasn’t really materialised yet so it’s difficult to really, really at the moment make the collaboration work” (CS4\_CLO/ED\_2014). However, more hopeful seems the possibility of NGOs teaming up to enhance the impact of development. “People that are keen to collaborate with us, that meet us more often, are actually NGOs and other non-governmental organisations and everything, but amongst this IPPs, I feel we’re not putting enough effort to making sure the collaboration really, really happens amongst us” (CS4\_CLO/ED\_2014). A fourth company representative indicated that the planned sub-committee in one of the industry associations will, it is anticipated, provide needed support for companies to collaborate and also raise awareness about the importance of

developing partnerships with local development stakeholders (CS10\_CLO/ED\_2015). These examples reflect the emergence of the industry as it experiences its early implementation. It appears that these experiences provide reason enough to anticipate increased efforts to collaborate in the future.

#### Development capacity within the IPP companies

Companies also construct normative networks through decisions they make about building in-house development capacity or outsourcing. In cases that involve service providers, compliance, monitoring and evaluation of the institutional creation process and created institutions might fully- or partially lie with such normative networks. Otherwise, the IPP retains these responsibilities, as indicated above when mentioning the fear of termination points. This research finds that there are companies following both paths.

One company explicitly states that they outsource not only the reputational risk, but also compliance. At the point when the IPP transfers the community benefit funds to the contracted service provider, compliance is guaranteed for the IPP (CS10\_CLO/ED\_2015). The executive respondent of another company states that the responsibility for Enterprise Development rests with her/him, but that a consultant is tasked with the implementation (CS8\_IPP\_2015). In the same project, SED is handled by the NGO that was established following a company-specific approach to community benefits. This approach has been tested overseas in projects where such benefits are a voluntary add-on instead of a compliance requisite. The community is observing their work closely and with patience. They note that language and cultural differences are a particular challenge for the NGO people in charge (CS8\_TRU\_2015). Again another path is chosen by a company that contracts one service provider for SED and ED investments and another firm for the implementation and management of the community trust in response to the local ownership commitments (CS12\_IPP\_2014).

A mixed model is chosen by another company, which envisages close supervision of contracted community programmes and plans to build appropriate capacity within the company. "I think as investor we would like to have a certain understanding of all those things but afterwards in terms of team, there would be one person or half a person to supervise this because the idea is to transfer the implementation to the NGO" (CS7\_IPP\_2014). Developmental service providers increasingly enter the REIPPPP market. "A lot of those consultants did not exist five years ago when we started developing

the projects, or they didn't exist in that industry because the industry didn't exist" (CS2\_IPP\_2014). This young organisational field of REIPPPP stakeholders includes development service providers. Some of them have served in other sectors before, e.g. the mining sector, but are nevertheless needing to create new connections amongst the renewable energy role players.

### **Creating institutions through boundary work: Mimicry**

The third type of institutional creation work is boundary work. It comprises the work forms: mimicry, theorising and educating. Mimicry, a form of boundary work, is defined as "associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption" (Lawrence & Suddaby 2006). The study finds mimicry work tackles the capacity of communities, promises made during Environmental Impact Assessment (EIA) meetings, policy development to guide funding allocation and implications of the community benefit funds for fundraising strategies of communities.

### Capacity within community

Capacity of and within communities to engage and negotiate with private sector actors varies. In some places, a business forum might exist and, depending on its capacity in terms of members and resources, play an important role. Other forms of organisation providing such capacity can for example include existing development processes and plans and development forums. The established practices of these structures interact with the SED, ED and local ownership endeavours of renewable energy IPPs.

This ED manager identified differing levels of capacity in business forums in communities across the country.

"I have discovered that the business forum in [Place X] is different in all respects. You have a true South African business forum comprised of reps from the townships and the sub reps, you've got academics, you've got professionals and they are all members of this business forum and to prove that they are a business forum of high calibre they are playing a critical role" (CS2\_CLO/ED\_2014). The private sector respondent also positively notices the existence of a well founded and comprehensive development strategy. "... there is a strategic plan for [Place X] for the next five years (...) any investor

developer can pick up the strategy plan and know exactly what needs to be done for the redevelopment of [that place] (CS2\_CLO/ED\_2014).

Support can also derive from governmental and citizens' structures, as in this case, where ward committees, councillors and development forum talk to each other. "In each and every ward you have ward committees, that's where at localised level (...) the contribution goes into highlight[ing] those issues through the ward committees, but also some of the proposals of the development forum has, has made the presentation directly to council" (LG\_1\_2014). Business and development forums are attractive conversation partners of companies. It is a difficult task to identify appropriate channels for communication when a large group of people is concerned and, as a result, representative structures like these are welcomed by companies.

Community capacity is recognised as missing in another community in which a local resident speaks unfavourably about the interaction between the IPP and the community. The respondent criticises the IPP: "No, they kind of work out people who give them any kind of resistance. They kind of focus on people who will work with them" (CS6\_COM\_1\_2014). However, the fault is found to lie also with the community and its lack of capacity to position itself better.

I cannot just blame the wind farms. It's the, the circumstances is that it's open for, and they need to get somewhere, you know. So, they engage with whoever they think and in a community like [Place X] where it's a divided community, no strong leadership, no strong community movements, it's very easy to then get away with it, but it then creates more animosity amongst the community. So the divide and rule thing becomes even bigger and bigger (CS6\_COM\_1\_2014).

This statement includes a critique of the REIPPPP rules since, according to this respondent, the rules don't necessarily create an enabling environment for impactful developmental work.

A local government official shares this concern and supports the argument that communities require better organisation. "It's better when community talks with one voice. Allowing them to organise themselves into a single unit voice so that you don't have a situation where you have to listen to many mouths, you just listen to one and if there's -- let them go and sort it out themselves in their combined community" (LG\_1\_2014). A missionary interviewed supports this view and suggests that energy should be invested



in helping communities to organise themselves into NGOs. Such NGOs can then be used as platforms for discussion and collaboration with other stakeholders and funders (CS13\_COM\_2015). Again, the ambition to create benefits in communities requires first of all a focus on the actual beneficiaries. IPPs with foresight and an interest in positive and long-term relationships with beneficiary communities should work around the rules to approach the communities through relational interventions before investing funds in any other projects and interventions.

#### Promises made at public EIA meetings

Strategies can change. One company opened up about their improved strategy when speaking about community benefits to local residents in public meetings. “Fortunately for the projects that have been selected and are currently under construction, what we communicated during public meetings as to the level of ownership that communities would get, and what eventually materialised was, it’s 100 percent” (CS2\_IPP\_2014). Despite this ‘fortunate’ experience, the company foresees it will approach future engagements more carefully.

Now we’re a bit more cautious to communicate amounts and figures, because there’s uncertainty on the market, things change. You don’t know that what you were able to do two years ago you might still be able to do in three year’s time. So we are being more cautious about what we communicate, but so far, what we did communicate to the public materialised (CS2\_IPP\_2014).

The company has sensitised its practice of communicating future community benefits, prior to project approval. What shines through in this statement is the extent of the learning necessary also within the industry, about how to engage and act within the REIPPPP framework.

#### Policy development to guide funding allocation

One of the companies studied is developing internal policies for the processes associated with community benefits. These policies will guide, for example, the allocation of funding, dealing with complaints, and the media: “... everything will have a policy document so that one day if they want to come and complain here and say you did not give us funding. And then I say look it was not my decision but I’m guided by the policy itself” (CS3\_CLO/ED\_2014). The new policies are linked to the funding allocation practice. This is an excellent example of participatory policy development, as will become clear in later statements by this company.

### Implications of the community benefit funds for community fundraising strategies

The sudden availability of funding in certain parts of the country affects the fundraising practices of individuals and organisations within communities. A government official said that “what the communities do [is], the different schools go to the different [IPPs] and they say, okay, we’ve got R10 000 from this one, are you going to beat it and then all of a sudden they try and beat it with R11 000 or R12 000 or R15 000 for instance and, and (...) they beg for money and [the IPPs] don’t want to give them now. There’s a lot of internal fights at this point in time” (DEV AGE\_2014). The changed funding situation complicates social interactions further. The IPPs present an attractive and relatively easily accessed funding opportunity, with the result that for their beneficiaries the need for creative solution seeking decreases.

For instance you’ve got a crèche and they work together to get on a feeding scheme to get food for the people or to get money, (...) 40, 50, 100 parents working together to, to raise funds and now all of a sudden there’s this [funding] source and nobody is doing that so the interaction between the, the different groups, the different parents or the individuals is not there anymore because you just get the money instead of working together to bake five kg’s of little cupcakes” (DEV AGE\_2014)

Despite the criticisms of the results of the change in practice, it is also possible for the new ease of access to funding for the crèche to result in positive changes. It is significant, however, that again the focus is on social capital; importance is placed on the relationships and people-centred approach when assessing practices and their impact.

In this research, it emerged that companies predominantly mimic, with few examples of government or communities adopting this technique. The examples of mimicry in this research reveal the uplifting and positive potential of mimicry work. Action results in learning that leads to changed action. This statement amounts almost to an expression of action research or rather action learning within one form of institutional creation work.

### **Creating institutions through boundary work: Theorising**

Theorising is another form of boundary work. It is defined as “the development and specification of abstract categories and the elaboration of chains of cause and effect” (Lawrence & Suddaby 2006). One company is theorising, basing it on their reasoning about how they understand their community development obligations.

### Company rationale underlying community benefit work

One ED manager shares insights into the company's logic when it comes to planning their community benefit work. For the company, SED is aimed at "maximising the amount of people who benefit from the investment that you make," while for ED "you are looking for one maybe two developments" (CS1\_CLO/ED\_2014). Each IPP develops its own theory of how the REIPPPP requirements are to be understood in the broader development context in South Africa. If a company controls more than one IPP, their thinking can influence their entire portfolio of projects.

Further, the basis for this thinking is found in national legislation and policies including the national development plan and the BEE act and codes.

[T]he BEE codes make reference to social economic development programs as being programs that give people access to the economy. So they, really if that is the definition of what social economic development is, then you can't do very much beyond education and health. Cause in the education part you're giving, you are contributing to uplifting of skills or uplifting their ability to go and get a qualification or a skill that makes them employable and from a health point of view, if people don't have, either the nutrition or the medication that they require to stay healthy they can't engage in work within the economy. So, fundamentally and that's the, that's the logic that I use and that's the logic I sell to the social ethics committee (CS1\_CLO/ED\_2014).

This company's logic is closely defined by the BEE codes. Theorising is used gently, as is usual amongst companies. The research finds no indication of companies attempting to mainstream a particular theory across the industry. It is used as an individual effort to make sense of the REIPPPP.

### **Creating institutions through boundary work: Educating**

Educational institutional creation work is defined as "the educating of actors in skills and knowledge necessary to support the new institution" (Lawrence & Suddaby 2006).

Educating is the most common form of institutional work in this research. The process sees knowledge and skills being shared and transferred by companies, government and communities. Due to the number of codes associated with this work form, codes are organised into groups. These entail examples related to community needs assessments, the weaknesses and strengths of current communication practices, and critics of the REIPPPP. Two more code groups look at

recommendations expressed in the research interviews and the training experience of REIPPPP stakeholders.

#### Assessing community needs

Companies study community needs and assets with the intention of identifying potential community development partners and investment priorities. This information is perceived as vital to making decisions about how to design community benefit programmes that are compliant, can be monitored, and possibly also evaluated. Compliance takes precedence for companies. Monitoring is generally limited to the required quantitative reporting about investments to government.

A company conducted a three-day assessment of the identified beneficiary communities.

[W]e went through a workshop where they identified their assets, their liabilities, money that goes in, money that goes out, the different sources of power within the community, what have they done before and didn't work, why it didn't work, who had started something before, were, were they supported by the community, why were they not supported, what assets do they have, what could work there, what grows well there, what, what do they want to see in their community and everything (CS4\_CLO/ED\_2014).

In the opinion of the company, their undertaking is an example of good practice, worth sharing and educating others about.

#### Weakness and strength of current communication practice

Institutional work in the form of education takes place as the implementation of benefits progresses. Interview respondents stress the importance of education about the REIPPPP and prescribed community benefits. Companies strive to inform themselves and so do communities. Education also takes place across stakeholder groups. One company for example explains that a basic understanding within communities of the procurement programme and its rules, including information about the SED, ED and trust aspects, is crucial to allowing communities to develop pride and take on ownership in community projects (CS10\_CLO/ED\_2015). An understanding of the need for this, as well as sufficiently informed company staff is in reality a prerequisite (CS7\_IPP\_2014). A community liaison professional says, pointedly, "I said you know what we've got problems and I cannot, I cannot talk to communities when I'm not informed"

(CS2\_CLO/ED\_2014). Again this is a sign of the emergence of the industry. Employers should educate their managerial staff about what they need to know.

Community engagement should not be the responsibility of the company but requires a monitored process between the three parties in the communities, corporations and the government. In order for citizens to monitor corporate promises, they require access to information. Currently, communities are “at the mercy of developers” and have no power to check whether what the company presents to them as benefits is what government approved. Communication and information are the tools necessary to prevent conflict and protest. “What happens is that when communities are frustrated the only voice that they express is through protests, you know and at some point even that [Project X] was blocked by communities because of the very same frustrations” (LG\_1\_2014). Ineffective and incomplete communication compromises the capacity of communities to engage constructively. “So ja, and that is actually very frustrating because only [we’re only now] coming to find out as well that this electricity [that] is going to be provided is not going to be [for] us” (CS6\_COM\_2014). This community leader explains how the local IPP is not delivering on the bespoke benefits because employment is not benefitting local residents and nor is the electricity generated allocated to the community

Another community trustee suggests that information needs to be packaged better and appropriate channels used to make information more accessible. Suggestions include increased use of social media by government and reducing the content to monthly or weekly updates on certain issues. “Communication, communication, communication is everything. Companies and municipality need to communicate better and more” (CS13\_TRU\_2015). One company reports how the community educated the company on how to communicate more appropriately and effectively. “We took what we were told by people who were at the meeting, they came with suggestions like (...) how about you (...) go around, hand out paper so that as many people as possible can hear. And we know the people (...) who are always at committee meetings, try to get them to tell their neighbour and spread the word” (CS6\_CLO/ED\_2014). Respondents agreed that citizens appreciate regular updates on project progress in terms of construction, but also processes and thinking relating to community benefits from companies. Such efforts foster trust and supports a positive relationship (CS2\_CLO/ED\_2014; CS3\_CLO/ED\_2014). The main message is, communicate as much as possible as often as possible.

#### Critique of the REIPPPN

The criticism expressed of the procurement programme and its social obligations contains educational institutional work. The criticism includes the lack of availability of information about the REIPPPP programme in general and about the monetary community benefit commitments made by companies in particular. Respondents judge both aspects as essential in order to monitor corporate promises (CS6\_COM\_1\_2014) and engage in effective development planning (LG\_1\_2014, LG\_3\_2014). Direct beneficiaries consisting of NGOs and projects also lack basic information about the funding motivation and source; “The acronym - RE IPPPP - is daunting and I am not even sure what it means. I think the first I heard the acronym was at the inauguration event. I just know that the [Project X] is dedicated to assisting community projects” (CS1\_COM\_2\_2014). In other words, it would help to have a better understanding of the context within which these community projects are located.

Even organised citizen structures like this development forum are struggling to get to the bottom of the information. “You see we’re dealing with a -- entities that operate like poker players you know. (...) They keep their, their cards very close to their chest you know with a very straight face. From the side of the development forum we, we don’t know much, we’ve been -- figures have been thrown, percentages have been thrown, for example we hear from [Project X] telling you that the community benefit structure will be [X]% but when you ask [X]% of what (...) when you follow up and dig down into this information what does it mean exactly, how does it translate in terms of Rands and cents, you’re never getting to that, you know” (LG\_1\_2014). The citizen’s frustration is obvious and not indicative of a good working relationship between the company and community.

Local government feels particularly compromised through the exclusive treatment by national government of information sharing. One municipality is openly frustrated about it. When asked whether they are aware about the amounts of money the IPPs in the area have committed and will be spending over the coming 20 years the answer is no. “This is now the big secret. (...) Even those tender documents, whatever is written into those tenders, we do not know and we do not have access” (LG\_2\_2014). The situation becomes politically even more difficult to handle when the municipality finds itself accused of withholding information about the corporate funding available. “Because I mean you saw that night, the people, one of our councillors stood up and he blamed us. As LED and he blamed the municipality (...) And they have this idea that the municipality knows what’s going on. But we’re in the dark as well” (LG\_2\_2014). Based on these statements, it is clear

that access to information and transparent communication are critical to successful multi-stakeholder collaboration.

Critics further perceive a lack of vision in government's criteria for community benefits. An overall goal is missing, this local government official complains. "All this must lead to the final outcome, you don't have a kind of structured-, a rollout system to say (...) how it links to the broader develop -- to the broader outcome and how does that broader outcome link to a broader development of the town, of the municipality of the area". This absence of a clear position of the community benefits in the country's development agenda and policies increases the programme's vulnerability to misguided corporate investments. "... you find that you have people who come in (...) don't even care about your own development plans or development imperative as a community, you know instead of sitting and listening to you and trying to find ways of combining the two -- a lot of things have happened in the first project which opened our eyes you know and we're hoping that it made us to be much wiser in dealing with the second project" (LG\_1\_2014). These kinds of experiences are important for companies to hear and reflect on. They carry high educative value, for corporate project implementation practice and future government's policy development. Constructive criticism also includes concrete recommendations for improvement of the programme and practice.

#### Recommendations expressed by respondents

Interviewed respondents also volunteered recommendations; about how to maximise the developmental impact of community investments; and how to improve the requirements and procurement programme. Thus, their recommendations address communities, companies, and government – all three of the actors. Theoretically, these recommendations constitute boundary work through education, and they will be listed in the recommendation chapter towards the end of this thesis.

#### Training of local government and communities

Another avenue for educating people is through training. In the context of this research, the discussed training aims at supporting local government and community trusts in their participation in the procurement programme. The Eastern Cape government provided targeted training for municipalities and councillors on renewable energy, the REIPPPP and its community benefits. However, participants and other officials continue requesting additional training and information (PROV GOV\_2014).

Trustees of some community trusts participated in training provided by either the Industrial Development Corporation (IDC) or project companies. One company agreed to chair the community trust of its IPP project and explains its value as the opportunity to influence positively and train the other trustees. “On the trust, I’m actually the chairperson of it, so it’s nice. And we help with governance training, we help with financial knowledge and all that but it will be the collective trustee’s decision on which projects will be funded” (CS4\_CLO/ED\_2014). The IDC training gave trustees an opportunity to network with individuals on boards of other IPP trusts and regions; it also gave them training in basics regarding the financial decisions lying ahead them as members of the trusts. Some of the detail they hoped to ascertain, however, remains unclear. This trustee says, “We don’t know exactly. There was the number R1.5 billion mentioned. That is 10 times a thousand Rand, ahem no it’s...wait, one billion is a thousand million. Or so. It’s a lot of money and we need to use it wisely. We are asking for more clarity on the amounts for the trust” (CS8\_TRU\_2015).

Training can also take place in the form of skills transfer among peers. This community member speaks about efforts to build confidence in others, to engage with issues, and to face the community, as at public meetings, for example.

I’m trying to get the community to understand that they’ve got the right to ask for, there’s no such thing as a stupid question. (...) Because they often will say, you know, the people are intelligent. I cannot ask questions like this and then you do get people that don’t care, they will ask any question. (...) So that if people promises job, you kind of ask what are the checks and balances here? Because paper lies. So that’s basically how I try” (CS6\_COM\_2014).

Education has emerged in this study as an important form of institutional work. Government and communities apply it to educate companies and each other about their respective needs and expectations.

Following is the account of efforts that are categorised as institutional maintenance work.

### **6.3.2 Companies dominate institutional maintenance work through reproducing norms and beliefs**

Not only are new institutions created, new and existing ones are also maintained. The research data that represents maintenance efforts is presented in the following section and is summarised by code group in Table 28. Companies (IPPs) dominate the maintenance work in this research.



Table 28 Codes representing maintenance work

Maintenance work	Code groups	Govt	IPPs	Com
<i>Ensuring adherence to rule systems</i>				
<b>Enabling work</b>	Media communication			
	Funding allocation			
	Governance rules for the trusts			
<b>Policing</b>	/			
<b>Deterring</b>	Making the same commitment for each project			
<i>Reproducing existing norms and belief systems</i>				
<b>Valorising and demonising</b>	Collaboration and non-collaboration examples			
	Successful and non-successful communication			
	Positive and negative examples of funding allocation			
	Timing of community trust establishment			
<b>Mythologizing</b>	/			
<b>Embedding and routinising</b>	Making expectation management a priority			
	Physical accessibility of company representation for community			
	Company versus community availability for meetings			
	Actively preventing public interest			
	Reaching a point of regular engagements			

Maintenance work in this research includes work that enables and deter one instance also government employ enabling and deterring work to maintain institutions. Communities do not engage in this kind of work.

### Maintaining institutions through ensuring adherence to rule systems: Enabling work

Maintenance of institutions can entail enabling work, which is defined as “the creation of rules that facilitate, supplement and support institutions, such as the creation of authorising agents or diverting resources” (Lawrence & Suddaby 2006). This research presents examples of enabling work in the code groups: media communication, funding allocation and governance rules for the trusts.

#### Media communication

One company reports that they advised their partner NGO not to publicise the funding arrangements prior to the actual start of the programme. While the company’s motivation behind this advice remains unknown, the advice serves to maintain the approach to media.

#### Funding allocation

The allocation of funding is a popular way for companies to display their commitment to local community benefits. This ED manager explains, “It’s just to say to the people look we haven’t abandoned you, we are still here” (CS3\_CLO/ED\_2014). Cash flow is a critical issue for many not-for-profit organisations, one ED manager explains. The manager tailors the funding schedule and reporting requirements for each NGO according to its needs. This is of great support to the NGOs’ operations and maintains the young collaborations. Additionally, the IPP considers amending the funding allocation process to suit the communities’ expanding capacity to engage with more public application processes. This is debated internally in the company, which has as a principle to remain flexible on how the beneficiation of organisations is best handled over time.

A concern associated with funding application forms that are published on the projects’ websites is that opportunist organisations from out of town (or outside the beneficiary radius) might start programmes and apply for funding. This would conflict with the IPPs’ commitment to support local organisations and initiatives (CS1\_CLO/ED and COM\_2014). Companies in fact hope to build long-term funding relationships with local beneficiary organisations. Repetitive funding approval is envisaged by this ED manager: “No you can still apply as long as you are still doing the community work and again before we give those funds I go out to the communities be it the leaders or whoever and just do a due diligence” (CS3\_CLO/ED\_2014).

Commitment also drives the decision in another IPP project to follow the advice given by the local development forum. The company received the suggestion that it fund small goodwill projects during the construction phase. Funding was provided and its allocation discussed in the forum. This positive response to the forum’s suggestion can be understood as supporting the institution of the forum. Diverting resources according to the forum’s opinion is a clear indication that the company works on maintaining the institution.

Maintenance work is also detected in the creation of rules for the funding application process by a community liaison office. The ED manager explains that the office is in charge of overseeing and supporting the community trust and associated processes in the future, potentially for the entire 20 years. Additional responsibilities for the staff could include monitoring and evaluation tasks (CS3\_CLO/ED\_2014). Another example is the effort to consult and develop consensus about policies and rules governing the established community trust and allocation of funding by the trust. Members of the community held meetings discussing the role of the trust and perception around the trust. The meeting

resulted in the drafting of a concept note, which again involved extensive consultation, to finally provide a widely accepted basis for the work of the trust. The ED manager explains, “What the document entails (...) I think it was in July and people were happy and then it was adopted and anyone can come and get it. It’s here with us at the office. A person from [Place X] if they’ve got an e-mail address I e-mail it to them and say – and it also states now who is eligible for funding and who is not eligible for funding” (CS3\_CLO/ED\_2014).

#### Governance rules for the trusts

Trust deeds and additional policies establish the governance and practice rules for community trusts. Such rules aim to enable effective operation of the trust and maintain therefore the trust as institution and institutional response to the local ownership requirement in the REIPPPP programme.

#### **Maintaining institutions through ensuring adherence to rule systems: Policing work**

Policing institutions is another form of maintenance work. It means “*ensuring compliance through enforcement, auditing and monitoring*” (Lawrence & Suddaby 2006). It appears that little thought and practice has reached the point where active policing takes place.

Companies mention auditing and monitoring plans, but its too early in the process for most IPPs to have collected experiences with such. ED managers comment on due diligence (CS3\_CLO/ED\_2014) and reporting expectations (CS1\_CLO/ED\_2014). Policies developed guide processes including complains procedures (CS3\_CLO/ED\_2014). Local government indicates interest in taking on a monitoring role (LG\_2\_2014, LG\_3\_2014), but is restrained in its ability to do so by lacking access to information about the corporate commitments in the first place. Communities comment that corporate promises require close monitoring (CS6\_COM\_2014).

#### **Maintaining institutions through ensuring adherence to rule systems: Deterring**

Enabling work towards maintaining institutions is also found in deterring work, which entails “*establishing coercive barriers to institutional change*” (Lawrence & Suddaby 2006). The research shows only one possible example of deterring work. One company states that for all their IPP projects, they have committed to the same benefits. “*They are all the same, same obligation*” (CS1\_CLO/ED\_2014). Whether this statement is indicative of a enduring maintenance effort remains unclear.

### **Reproducing existing norms and belief systems**

In this study, institutional maintenance work that reproduces existing norms and belief systems involves the valorising or demonising of institutions and the embedding and routinizing of institutions. Companies apply these work forms most often. Communities also use it. The following presents the examples found in the research.

### **Maintaining institutions through reproducing existing norms and belief systems: Valorising and demonising**

More prominent in this research is maintenance work through *“providing for public consumption positive and negative examples that illustrates the normative foundation of an institution”* (Lawrence & Suddaby 2006). The aspect of public consumption does not apply to most of the following examples of valorising work. Stakeholders shared views and experiences anonymously, in the research interviews. It is assumed though, that most if not all of these statements would have also been made in public.

#### Collaboration and non-collaboration examples

One company explains that collaboration with other IPPs is not necessary in cases of high population density and a small overlap of the beneficiary radius only. Contrary to this, if two IPPs are located in a scarcely populated region the case for collaboration is obvious (CS2\_IPP\_2014). A community trustee advises that politics are an obstacle to collaboration with local government. While *“in theory”* local government is *“the door to everything”*, *“its difficult to work with them in reality”* (CS13\_TRU\_2015). This statement supports the commonly made experience of multi-stakeholder collaboration, and within that even bilateral relationships between stakeholder groups as in this case government and communities, don't naturally occur but require intend and effort.

#### Successful and non-successful communication

Community members disapprove of the communication and consultation strategy of a company. The company shared information about the planned energy project at the obligatory EIA consultation meeting. The community reports that despite the company presenting the project as planned and not approved, the company was not honest with the audience about the presented possibility to object the proposed project. *“And they knew that they are going to build it even if the community doesn't want”* (CS6\_COM\_2014). The community members interviewed discussed that the RE company presented to them while the community was busy researching the impact on the community by other

proposed infrastructure developments. Despite limited capacity to engage with the various proposals for their area, they would have preferred earlier and more transparent engagements with the renewables company. *"There so then I think after they already had an okay and the yes and everything they, then they came"* (CS6\_COM\_2014). This statement provides a negative example of a practice, with the intention to clearly state it to not be appreciated.

This negative experience, early in this relationship between company and community, continued. The interviewed community members eventually doubt the company's intention to see the community as important or equal partner. The community liaison office is regularly closed when residents try to find project staff and the community perceives that their interest in the promised community trust is scrutinised. One resident remembers that the company asked *"why are you so interested in this trust and I said because I'm staying in that community that's why I have an interest to know what's going on. Then he said no I will come back to you and then he gave me his business card, two times yeah but we do send him e-mails"* (CS6\_COM\_2014). Again, the stuck communication process described in this example could easily be improved through a simple follow-through of promises and more reliable communication channels between the parties. The maintenance effort, again assuming it is displayed in public, might support the establishment of a more adequate practice.

A local government respondent provides another negative illustration of corporate engagement practice prior to project construction. *"Prior to the approval, some of the current [IPP] projects were canvassed by consultants working on behalf of the developers in terms of sourcing support from the community and making promises with regards to what will happen, you know, you know they usually say the world of milk and honey"* (LG\_1\_2014). These negative views are echoed in the experience of a community trustee. The person reports that the company-community relationship was very good before and during project construction. With connection to the grid however, the company lost interest in the community to a point that communication from the independent trustees on the community trust was not responded. The trustee resigned from the board as a result (CS12\_TRU\_2014).

There are also positive examples, in which companies feel confident about their communication strategy. This company reports about going on a road show through communities and informing local residents in public meetings about the IPP projects and

associated implication for the community. Regular update meetings keep the community in the loop and if further questions arise the community is at liberty to call for additional meetings (CS2\_CLO/ED\_2014). Community liaison offices offer a simply point of contact for communities. Provided the office hours are kept, companies with such offices enjoy knowing that anyone with a question or concern can make contact by knocking at their door (CL6\_CLO/ED\_2014). This ED manager/ liaison person reports pleased *“I have nothing to complain about actually. Reason being me being in this office, liaising with all communities constant and regular updates to my communities and then at least they know what is happening”* (CS3\_CLO/ED\_2014). This account is in clear support of the company’s decision to open a community liaison office. In their experience, they are confident about it’s positive impact on their relationship with local communities.

Availability is key for this ED manager, even though she is not located within the project area. Community members make contact on her cell phone. *“It can be taxing because a mama from the village can send me a please call anytime on the day, anytime of the weekend and I have to respond because that’s the kind of relationship I have with them”* (CS4\_CLO/ED\_2014). Crucial is also that she then responds appropriately, whether this involves travel, project delays or additional costs to the company. *“They will call us to come explain or they will tell us we will go toyi-toyi on site. We have to fly from Joburg and go to site and sit down with them and talk and explain what happened”* (CS4\_CLO/ED\_2014). Community liaison efforts can also extend beyond the job description of an employee or contractor. One person explains how it is important that he responds to the visitor to his private home, even on weekends and after hours. The IPP does not remunerate this effort, but it is crucial to building lasting and positive relationship between the project and local residents (CS7\_CLO/ED\_2014). Again, this is a positive account of and in support of the appropriateness of this person’s grounded practice.

Further examples explore the process of allocating funding. The research finds positive and negative examples, both worth the maintenance work to support their respective messages.

#### Positive and negative examples of funding allocation

The negative premonition about money going missing, this community leader shares, is worrying and reinforces a common fear that this and other communities expressed. *“I guarantee you that money is just going to go lost. I can tell you now – this trustee thing it’s just going to fall under the carpet and no one will know anything about it”* (CS6\_COM\_2014). Negatively perceived is also the company’s intention behind the funding allocated to community projects. *“They do what they feel is best for them not actually for the community*

*but it's just so that there is something for the community and say no, we did that"* (CS6\_COM\_2014). The community' suspicion of the company goes deeper; as the community fears that the company changes meeting minutes. *"Maybe they go there and change those minutes when we see them. (...) But now if they get back now, we going to do them, we going to take minutes and then we'll post it on social media"* (CS6\_COM\_2014). These measures shall prevent further disappointment as the community expects the company to lose interest in their promises all together. *"I feel that actually they just walk all over us. They just came here to do what they wanted and then after that they're going to be gone and we are forgotten again"* (CS6\_COM\_2014). The IPP on the other side reports satisfaction. The company speaks about the avid take-up of the implemented sport facilities (CS6\_CLO/ED\_2014). Individually, both sides report their respective points-of view. An important next step is the exchange of these views. Such would allow for a shared understanding of each other's experiences and views to be created. Thus, hopefully increasing the likelihood of future interventions to better satisfy both.

Respondents also hold supportive views. This beneficiary organisation argues in favour of the local IPPs funding allocation practice. *"So it looks like a thorough work and a thorough project, not something like oh, well, we need to spend some bucks, let us give it somewhere, you know. It looks like they want to spend their money wisely and really make sure that it is going to get to the right places and people are going to be impacted by their money and very see through, it was yes, transparent"* (CS1\_COM\_2014). The beneficiary also acknowledges that the local investments of the IPP ease tolerating the visual impact of the wind turbines. Finally, another example of public support for a specific funding allocation practice is this newspaper article. The newspaper quotes, *"We have limited resources, and are therefore grateful to see companies like the Jeffrey's Bay Wind Farm giving back to the community"* (Makhenkane 2014). A government official who expresses support for the corporate funding in the newspaper interview makes the statement.

#### Timing of community trust establishment

Another clear example of maintenance work is reflected in this example. A company executive explains the deliberate timing for the establishment of the community trust. The company considered carefully how to manage possible expectations associated with the formation of a new trust. *"One rule that we followed was not to create unrealistic or unnecessary expectations within the communities (...) once we were selected as the preferred bidder. Then we went back to the community to explain what this Trust was all about, what was going to happen, and so and so"* (CS2\_IPP\_2014). At bid stage, the

company simply registered a shadow trust, which according to the respondent, was staffed with community representatives only once government had approved the RE project and the company knew that it would be able to provide funding to the community trust.

This last example and the previous ones, reveal institutions that REIPPPP stakeholders perceive as normatively positive or negative. Respondents appear to maintain the respective institutions through explaining their appropriateness or unsuitability.

### **Maintaining institutions through reproducing existing norms and belief systems: Mythologizing work**

Mythologizing is defined as “*preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history*” (Lawrence & Suddaby 2006). This research demonstrates no evidence for mythologizing.

### **Maintaining institutions through reproducing existing norms and belief systems: Embedding and routinizing**

Embedding and routinizing is the fourth maintenance work form defined as “actively infusing the normative foundations of an institution into the participants’ day to day and organisational practices” (Lawrence & Suddaby 2006). The research data reveals a few examples of company practices that individuals adopted into their professional routines and practices. Examples include the following codes: making expectation management a priority, physical accessibility of company representation for community, company versus community availability for meetings, actively preventing public interest and reaching a point of regular engagements.

One ED manager for example talks about how much time is spend within the surrounding communities to identify the expectations created by the project and to manage them. The management of relationships and expectations is accepted as important and incorporated into the work accordingly (CS1\_IPP\_2012).

This executive also stresses the importance of being close to the community you want to build a relationship with. The CLO should be based within the local community, best with a community liaison office. “*Your CLO needs to be in offices within the communities so that once again the communities have access to the CLO but I think the closeness of the CLO to*



*the community reinforces [a feeling within the community] that this is our projects"* (CS2\_IPP\_2014). This is deemed particularly important in the context of remote project sites, which aren't easily accessible with public transport.

A third embedding example involves an IPP and the associated community trust. The company representative on the trust board called for a meeting at 12 pm in order to travel back home in time for dinner. One of the community trustees however had to be present at work at 12 pm. The postponement of the meeting caused conflict amongst the company representative and community trustees. Eventually the meeting start was delayed by one hour and the community trustee negotiated to leave work early by applying for half a day of leave (CS9\_TRU\_2014). The company employee expects the community trust and trustees to appreciate the need for the company representative to complete the meeting including travel during corporate office hours.

A further example of self-motivated practice is the case of this IPP project. The manager explains without hesitation that the project site is not sign posted to prevent the public to take notice of the project. The manager believes that this practice prevents job seekers and concerned residents from queuing at the project's gate (CS7\_CLO/ED\_2014).

A local government official reports success to change one RE company's attitude about involving the municipality. The company did not include the municipal LED unit in their community benefit planning, but *"after our initial headaches we actually got them to a point where we now meet with them on a monthly basis or they come and report"* (CS6\_LG\_2014). This last situation might be the strongest example of maintaining a specific institution through ensuring that it is adhered to by integrating it into the monthly work schedule.

The following sections reports the institutional disruption work employed in the context of this study.

### **6.3.3 Communities act strongly to disassociate moral foundations of company practice**

The research also presents evidence of stakeholders working to disrupt institutions. Table 29 summarises the identified code groups associated with the different forms of disruption work.

**Table 29 Codes representing disruption work**

Disruption work	Code groups	Govt	IPPs	Com
<b><i>Disconnecting sanctions</i></b>	Criticism of the community benefit requirements			
	Inappropriate trustee selection criteria from funders			
<b><i>Disassociating moral foundations</i></b>	Collaboration is critical to achieving impact			
	Inadequate communication practice			
	IPP-unit's criteria not development friendly			
	Lacking development capacity within IPP companies			
	Experiences of failed corporate efforts in communities			
	Unacceptable funding allocation practices			
	Wider consultation required by IPP			
	Unsatisfactory relationship of IPP and local government			
	Non-transparent community trust establishment			
<b><i>Undermining assumptions and beliefs</i></b>	-			

Companies dominated the institutional creation and maintenance work. Their domination might be the reason why government and communities are more engaged in disruption work.

### **Disrupting institutions through disconnecting sanctions**

One way of disrupting institutions is to disconnect sanctions from a specific institution. This entails, according to the definition of this form, “*working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules*” (Lawrence & Suddaby 2006). Two code groups revealed efforts to disconnect sanctions in this research.

#### **Criticism of the community benefit requirements**

One company respondent was very clear about some of the shortcomings and weaknesses of the REIPPPP regulations around economic development. The fault for this lies with the government. The company suggests that government amend certain rules. The complaints about the current rules range from the definition of socio-economic development to the high costs associated with administering multiple trusts in overlapping beneficiary radii (CS1\_CLO/ED\_2014).

Apparent also is a lack of appreciation for qualitative commitments, beyond the current

quantitative bid promises. *"If I were in charge for ED. I would probably push for an amendment of the economic development section of the scorecard, the selection of projects. In order to provide a more accurate scoring to projects who will bring more social benefits than others"* (CS2\_CLO/ED\_2014). Currently, the scorecard, against which government evaluates bid submissions, only accounts for quantitative (financial) commitments and does not assess information about the actual initiatives in which projects plan to invest with these funds. Another person concludes that the ED requirements are simply flawed. Just as the mining industry's Social and Labour plans were flawed (CS12\_SED/ED\_CON\_2014). These statements appeal to government for changes to better reflect and address the reality on the ground.

#### Inappropriate trustee selection criteria from funders

Another issue of concern are the requirements for how trusts are meant to be established and constituted; these requirements differ among funders. The IDC's conditions require community members as trustees and investments to be in line with municipal priorities. *"We have the IDC who is telling the people that they fund, that they want 12 to 15 people on the community trust as trustees and that trusts have to spend in terms of municipal IDP's and they have all these grandiose ideas about what trusts are supposed to do"* (CS10\_CLO/ED\_2014). Community trusts funded by the Development Bank of Southern Africa, the DBSA, don't involve community members. *"You have the DBSA who says we will have no community trustees in trusts because the politics in the communities gets ugly and the trust gets paralysed because you cannot make decisions"* (CS10\_CLO/ED\_2014). Also the finance conditions differ between the two funders. *"You have the IDC saying that you must pay us back over 11 years, the DBSA saying you will pay us back over 8 years"* (CS10\_CLO/ED\_2014). These differences are confusing on many levels, when planning and implementing trust investments. They have a particularly big impact, on both companies and communities, in cases where more than one trust is established to present the same community or nearby communities. *"It is a mess, they are simple things but when you have projects in one area, like De Aar, that are funded either by the IDC or DBSA, those communities are not going to understand why the one will say one thing like we have money from the start, the IDC, and the DBSA funded projects and actually there is no money for five years. They are creating the conflict"* (CS1\_CLO/ED\_2014). Another company also raises their concerns on this issue when explaining that their trust dealing has been put on ice for negotiations with the funders to amend the rules (CS10\_CLO/ED\_2014).

The appeal is to government and the active community ownership funding partners (e.g. DBSA and IDC) to amend the rules.

I would force the partners to come to a meeting and agree to a common set of requirements for BEE funding. (...) I would get all of them in the same room so that they learn to speak the same language around stuff because I think it is their inability to be coherent that is going to create the conflict in local communities and it just makes it harder for the developer, because all we are doing is trying to meet our obligations (CS1\_CLO/ED\_2014).

The current rules see sanctions or penalties for projects that don't comply with the procurement rules and, on specific aspects of projects, also for non-compliance of particular funder's rules. In these statements, respondents indicate workings on disrupting these ill-suited institutions, with an interest on enhancing the potential developmental outcomes for communities.

### **Disrupting institutions through disassociating moral foundations**

Disassociating moral foundations is another form of work towards maintaining institutions. Such work is defined as "*disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context*" (Lawrence & Suddaby 2006). This research finds examples of this work form in various codes and code groups.

#### Collaboration is critical to achieving impact

The interview with a local government representative revealed that from a municipal perspective, lacking collaboration between IPPs can be an obstacle to achieving developmental impact. Collaboration is critical. And it should not be a problem either, since approved projects are no longer competing and resources are available without limit. The interviewee refers to the infinite availability of wind or air, which allows for an unlimited number of wind turbines to access the resource, with equal chances to generate electricity from it (LG1\_2014).

This is technically not correct, because the efficiency of turbines is indeed influenced by the number of turbines in a particular area. The idea expressed however appeals to companies to stretch their imagination beyond the individual profit intention towards shared benefits and collaboration. "*So, so that's why we're saying to us they must collaborate, they cannot compete, it will be in the best interest of the community if you sit around the table with all of them where we've tried to invite them and we have not succeeded*

*in doing that” (LG1\_2014).*

#### Inadequate communication practice

Local government also critiqued the experience that companies communicate in an ad hoc manner and often only after-the-fact with local government. In the view of the municipality, it is a matter of courtesy to inform them about any developments within their boundaries. *“There was nothing formal given to the municipality to say this is what we’re here to do. We’re starting on this date and that date until the department had to say, by the way, you are in our local space, why are you not coming to us as a municipality? Just out of courtesy” (LG2\_2014).* Instead, government finds companies knocking at their doors when experiencing challenges. *“There is an incoherent communication which is based on crisis management, you know.... You know people forget that the municipality exist until there is a crisis but when they, everything is smooth it’s running other people get consulted, the municipality is not in the picture all together” (LG1\_2014).* Regular communication would allow local government to provide the needed support to companies. Compared to consultations concerning land or technical issues, companies don’t communicate matters related to local economic development timeously or, indeed, at all (LG3\_2014). This prohibits the effective working of local government. *“And to us we say walk the road with us then we will help you and we will give you access to what you need and we’ll give you more than what you need” (LG2\_2014).*

Community members also criticised communication across stakeholder groups in the renewables sector. When asked what question I could pose to an industry audience, the person was quick to identify the need to tackle the obvious exclusion of community member from conversations. *“So you can ask my question there. Where is the community in your discussions? (...) It’s the same thing in mining, the same thing – (...) Even the nuclear conferences. They charge R6000 per delegate to go. I’m sorry” (CS6\_COM\_1\_2014).* The high entrance fees in practice exclude civil society from participating, while alternative opportunities to engage with the private sector don’t seem to be available.

#### IPP-unit’s criteria not development friendly

Interview partners also disassociate the community benefit criteria from a possible moral foundation in the REIPPPP and South African specific cultural context. The 50km radius is not development friendly, nor is government recognising efforts of companies that develop projects in more complex settings. The 50km radius is a one of the *“structural issues in the REIP4P (...) now it is going to create a lot more issues (PROV GOV\_2014).* At the

project development stage, little critique was raised, but the implementation experiences will reveal the intricacies. *“It was fine, just put it there and I suppose developers were just doing what they needed to do to get their bids right, so all just went 50km, here you go, here is a community trust, can we all go and be happy, we will spend and be measured and whatever the case may be”* (PROV GOV\_2014).

Certain areas in South Africa require more preparatory and legal work for project developers. More work usually translates into higher development costs. In REIPPPP, there is not appreciation given to such projects, even if they are located in areas where government is struggling to attract other investments. *“You are reinforcing the imbalances of the past (...) For example, if you look now there’s no wind farms in KwaZulu-Natal or in former Transkei and Ciskei regions, or there will never be any solar projects for instance in KwaZulu-Natal or in other areas because there’s less sun”* (CS2\_IPP\_2014). A real commitment to development would require paying attention to projects with a higher developmental impact, beyond the monetary commitments. *“So if Government wanted to use, for example, solar PV projects as a way to develop our communities, then they would need to consider geographical criteria to make those projects be able to compete with the ones that are in the desert near Upington where there’s no one living there”* (CS2\_IPP\_2014). The current economic development scorecard, against which government assesses project applications, does not give preference to projects based on geographic location.

Another challenging aspect is, as this IPP executive explains, that the task to create community benefits is new to the energy companies participating in the programme. The same appears to hold true for government. Therefore, processes and structures within the companies, but also within the procuring government department are constantly disassociated with their moral foundation and continue evolving. *“You’re not structured to do something else like the government is not very well structured in defining the ED criteria’s and, it’s not criticism, the criticism would be but they don’t correct it fast enough, it’s normal, when you start it’s normal”* (CS7\_IPP\_2015). According to this respondent, government is lacking the ability to disrupt and create institutions at an appropriate pace.

#### Lacking development capacity within IPP companies

This local government official, who is also an active community leader in private capacity, speaks about the experience of being consulted by an IPP company about the formation of a community trust. *“They [the company] appointed a consultant who did that for them, engaging communities and we as participant had we not started the process from, from the*

*start it would have completely gone completely wrong” (LG\_1\_2014).* The respondent, in this part of the interview, speaks in his capacity as community member rather than official and explains how the community intervened in order to correct the IPPs consultation practice. *“Because we said no, no, no as a community we would expect a situation where there’s public consultation, create public awareness first about what it is that is going to be done, the role of this trustees before it gets to the election point, you know” (LG\_1\_2014).* The intervention was successful. *“They went into that process based on our advice they went consulted communities instead of creating a concept document, they came up with the actual, what you call a trust” (LG\_1\_2014).* The community advised the IPP on the correct conduct and jointly they developed a process that lead to an acceptable outcome for the community.

One risk associated with inappropriate consultations is to cause conflict and fractioning amongst members of the consulted communities. The REIPPPP process and requirements lack any appreciation of this risk, nor are monitoring or mitigating strategies in place. *“There is no monitoring instrument to say are you meeting all your commitments you know before you commence with the work. (...) You come and create confusion and you bypass that and you create alternative communication methods and give people who had knowledge some voice (...) you were informed that these are the communication channels. You bypass that and now you have created -- you have left a community in a mess, that’s what development does, you know. You know it creates those kind of things” (LG\_1\_2014).* Companies are responsible for their behaviour and resulting impact in the places they engage with.

The experience of another municipal official was similar. The energy company active locally caused confusion and conflict through their attempts to communicate and consult with local residents and stakeholders. The municipality resumed to advice one companies to not approach communities without their prior guidance and assistance. *“We eventually had to say to one of these companies, listen stop going to communities. Rather take one of our people with so that we can explain to the communities this is not that the company already has the bid, they’re still going to bid for it. They don’t have the tender yet (...) Because it was very difficult. I think the whole thing is communication, managing perceptions (LG\_2\_2014).* The municipality successfully intervened in this case.

Another community leader sees a clear disconnect between companies and communities, hindering deeper understanding between both. The disconnect makes companies

perceive the value of certain efforts differently to how the community would perceive it. *"There's a disconnect between corporate and community. And corporates think they know and they really believe they know what's best and they disconnect. They don't think that a small thing will actually make a difference. They don't think that small things would actually be better"* (CS6\_COMM\_1\_2014). The corporate and community logics are gapingly apart from another.

#### Experiences of failed corporate efforts in communities

A community member interviewed stressed the fact that the need for meaningful developmental efforts, beyond ad hoc projects, is pressing. Depending on how a specific community is consulted however, it is possible to secure buy-in for any development investment suggestion made. *"They kind of work out people who give them any kind of resistance. They kind of focus on people who will work with them"*. While that is understandable in the REIPPPP context, it is a risk for the community and therefore ultimately also the company operating within this community. *"I cannot just blame the wind farms. It's the, the circumstances is that it's open for, and they need to get somewhere, you know. So they engage with whoever they think"*. The question on hand is described as strategic and challenges the private sector decision makers to make an informed investment decision. *"Look, I think these small little ad hoc projects has got a space and that must, it's good because it -- but you have to have an underlying, where are we putting our money? Is it education? (...) It's not just little bits of money into a empty hole you know. No really making a difference. I mean the money is there, let's make a real difference"* (CS6\_COM\_2014). The respondent concluded that at this point in time, it appears as if *"they [the IPP] do what they feel is best for them not actually for the community"* (CS6\_COM\_2014). That is incentivised through the REIPPPP compliance focussed requirements for spend.

Another IPP project consults closely with the local municipality about development priorities. A community member interviewed, points out that this is insufficient. In particular, in the context of this specific area in which the municipality appears to not represent or even ignore the needs and wishes of one particular group of people (additional interview\_COM\_2014).

This point is supported by another community respondent who describes the relationship between the community and local government to be dominated by mistrust. The person reports that the IPP misses the opportunity to work in favour of a better



relationship through consulting widely and appropriately. *“Well yes, they meet with selective members of the community. By that time, they have kind of sussed out who’s who. (...) Because they will not talk to the LED officer and they will not actually talk to the community. They’ll talk to whoever they think is going to be beneficial for them in the community”* (CS6\_COM\_2014). This is a common shortcoming in the corporate consultation practice, observed in this research.

At another occasion, the IPP made a good impression on the interviewed community member. The company, at a public meeting, heard and acknowledged community feedback about an on-going recruitment process and announced to wait making further decisions to revisit the tactic employed. *“No. I will admit the first time is now with the appointment of the new CEO. For the first time in a meeting [the person] stood up and said hey wait, wait. And so for the first time I got that okay there’s a willingness to engage”* (CS6\_COM\_2014). This example stands out, as a positive example of a company pausing and taking on board feedback from the community.

In another case study, the launch of the IPP caused headaches for a community member who attended the function. *“I mean, stupid example, I hate their big launches. Because, if, instead of (...) having the big launch for the minister and the fancy pants (...) they had a function on the school and they had everyone flying kites with wind and explaining wind. And giving the community this is what wind is about”*. To them, spending resources for a luxury event appears unethical in the face of the local challenges and is perceived as a missed opportunity to create a ‘new’, more integrated, world. *“Stop feeding the monster. (...) Put the money into the community”*.

Community respondents also recall experiences with other industries. The community benefit discussions around wind and solar farms remind people of past promises by businesses. These memories tend to be tainted by disappointment. In one instance, the respondent associates new hope with the change of management in the local mining house. *“People are not happy with the recruitment and jobs there. A few years ago, they put pressure on them and now they have new management. It’s changing”* (CS8\_TRU\_2015). The same mining house disappointed others as well. The “legacy” of the local mine is “not positive”, people say, “after 50 years, we are left with nothing” (CS13\_COM\_1\_2015). “Local economic development has not taken place” and the mining house is accused to “dump things and don’t ever monitor the progress or follow-up”. This results in “empty buildings, [the mine] build them for the community but without them”

(CS13\_COM\_1\_2015).

In another place, discussing expectations and concerns related to the local IPP project, this community leader told me *“I’m really frustrated because a lot of people come in this community, a lot of big companies and they just come and take our people for granted, they just come and promise, promise, promise and at the end of the day they done with what they came to do and then they gone”* (CS6\_COM\_2014). Negative experiences with corporate promises for local development and benefits were recalled in many research conversations.

#### Inacceptable funding allocation practices

The research interviews also revealed complaints about IPP funding that had been allocated to projects and initiatives without the preparation and planning required for the envisaged benefits to realise, according to community and local government respondents.

*“You can’t create that multi billion rand project and then you just go and fund soup kitchens”,* complains this local government and community member. The reason given is that *“everybody is going to create a soup kitchen for benefit of just accessing the fund, tomorrow when the fund is finished, they are gone”*. Instead, the more meaningful approach would be to fund *“a sustainable kind of project and intervention”*. The resources available allow and in fact require bigger picture thinking, which could result in the *“complete reengineering of the town in itself*. The suggestion is to focus on one project, *“it can be the anchor project that can be used as a catalyst for economic transformation and development of the town, that’s where the money should go”* (LG\_1\_2014).

Similar point is made again by this community member elsewhere. *“To me they’re grabbing at straws. It’s little projects everywhere. I cannot see the bigger picture”*. The person is aggrieved by the short sighted investment decisions made by the local IPP. *“Before you start building a clinic you need to link into the health system. If you do want to just build a clinic great, but then you must make sure that that clinic is funded, that there’s staff (...) It’s a lot like plastic surgery”* (CS6\_COM\_2014).

One IPP decided to fix the existing school computers within a local community near to the renewables project. The school principle complains, however, that the ‘fixing efforts’ let to important programmes being deleted, making the computers ‘unusable’ for the schooling purposes (CS13\_COM\_1\_2015).

### Wider consultation required by IPP

Further stakeholder experiences reemphasise the inappropriateness of company practices, in this code the scope of community consultations is criticised. In this community, the company invested into sport fields, apparently based on a consultation with the community. *“COM 1: They don’t, they don’t ask anyone they just came and said that we want to do something. COM 2: For the community. COM 1: What is your first priority and we said our sports field and then they said they going to come back to ask what we need on the sports field but they just didn’t come back, they just started working and while we also said that you can’t just start working, you don’t even know what we want on the sports field”*. The community members went to seek support from the local council. *“Then as we spoke to the council, the council said well it’s not going to be a wise thing to stop them now, what if they stop and them take the money back and -- And then we get nothing on it”* (CS6\_COM\_2014).

The consultation process also did not involve the local sports committee, which in the eyes of these community members is another sign of poor consultation practice. *“There was a sport committee but they didn’t actually discuss these things with the sports committee so we actually don’t know who gave them the go ahead to do what they did”*. To make things worse, the community, when it tried to engage the IPP on the matter, was not able to establish contact with the person in charge. *“Because when we and the sport committee wanted to meet with [the IPPs CEO], [the person] doesn’t reply to e-mails or you can’t get a hold of [the person] or that sort of thing”* (CS6\_COM\_2014).

The IPP continued upsetting the situation by introducing another sport investment, again without consulting the community. *“We just find out there’s this [specific sport initiative] that the wind farm is doing then we write an e-mail to [the CLO] then that’s where [the CLO] came and said no, we are sorry we forgot to tell you about this and this and this and what so”*. The worry of the community involved the actual initiative, but also its beneficiaries. Due to the lacking consultation, the community is uncertain to who the trained children are. *“I say yeah that’s what you guys came to do here, you just do your job without consulting because we don’t know actually those children are from here”* (CS6\_COM\_2014).

The community members advise IPPs across the country to take communities and the importance of consultation more seriously. *“It’s more to take the community in consideration. What’s the use of coming to the community asking what you want or asking*

*what they can do for us when they don't do it" (CS6\_COM\_2014).*

#### Unsatisfactory relationship of IPP and local government

The ED manager of this IPP sees great potential but also daunting tasks, associated with her work. One of her stories speaks about a phone call that she received one weekend evening. It was a local politician calling. The politician asked her to speak a bit about the jobs that will be created by the IPP project. It was before the project had reached financial close. Then, she was informed that the call had been put on speakerphone and that she was talking to an entire audience of people. The politician was at a political rally and wanted to use her words spoken over the phone in support of his campaign. She reflected on the situation and found that the political timelines are very different to the REIPPPP or even project timelines, bridging these can be a challenging task (CS10\_IPP\_2014).

This local government employee identifies the fact that IPPs aren't obliged to consult the local economic development units or departments within government as a weakness in the policy. *"There's another project now (...) Where they've given, allocated money to projects. (...) Yes and they didn't consult with us. Those are projects that are already getting a lot of funding. And we foresee a lot of issues coming. (...) So you know it's a good thing that they're giving money to the locals but they did not consult with our department" (LG\_2\_2014).*

Even if consulted and informed about the required steps to implement projects successfully, the municipality finds, in one specific example that the advice provided is simply ignored. The investment discussed is the sport field that suffered vandalism, twice. *"That would be for their benefit. If they collaborate they can do so much more. I'll give you an example. (...) This sports field that they upgraded. (...) They upgraded the place, within a month it was vandalised. Then they came to us, what must we do now, the place is vandalised. We said but you didn't listen. You consulted but you didn't listen. We said to you fence and until you fence you can do everything, all the wonderful things you can do, but it won't last" (LG\_2\_2014).*

Further upsets in the relationship between the municipality and that specific IPP extended into the implementation of enterprise development measures. *"So [ED manager] comes and [ED manager] goes and [ED manager] does all these things and we say to her but [ED manager] -- I mean [ED manager] went to a farm and we said one of our portfolios is agriculture. (...) We can give you farms and all of that. Work with us."*

(LG\_2\_2014).

On the other hand, so the respondent acknowledges, the communication and collaboration with local government is not easy. Party politics constrain processes and agreements that is also the case in the recruitment for the construction of IPP projects.

*“Look according to them [the IPP], they have regular meetings with the communities. Now I know in the beginning we were invited to those meetings and we were part of it. But now there’s also the whole issue of the DA and the ANC. (...) And even when recruitment happens. People don’t look at -- if they say we’ve got 20 jobs, in their minds it must be ten ANC, then DA. Irrespective of what skills you want, whatever”. According to the respondent, such difficulties can only be overcome through spending sufficient time explaining to various constraints and needs of the project to everyone concerned. “But it could be overcome if you communicate to the communities and you say to them, guys this is what we need, this is the skills, if you have that come and register with us. Which doesn’t happen” (LG\_2\_2014).*

Another municipal official is also unsatisfied with the relationship to the local IPPs. *“Those areas that are struggling financially to start meeting their developmental needs, there, there is no gold here, there is no gold mine, there is no natural resources but at least the only natural resource that is there available it’s wind. (...) it must begin to translate to local development” (LG\_1\_2014).* The respondent also indicates that ideally IPP projects should support municipal priorities through their community development investments. *“It will be better when you have projects of that magnitude, you know which is government funded projects to assist other government institution in meeting socioeconomic challenges” (LG\_1\_2014).* The person continues explaining that the needs of the area are too pressing for such significant funds to be invested without a strategy. *“Remember we have what is called integrated development plan. Of the municipality which lists the priority needs of each and every ward and of the entire municipality but you find that the projects that they have identified are outside the scope of the municipal mandate” (LG\_1\_2014).*

The municipal official wishes that actors investing into local economic development, within the municipal boundaries, involve the municipality as partner in this effort. The provincial development agency appears to have been useful to attract larger scale investments into the area. The local economic issues, however, remain mandate and competence of local government. It appears to be a difficult diplomatic effort to negotiate this matter. *“We also don’t want to come across as this bully boy who is threatening developers in your area, you want to have this kind of an evolutionary approach you know*

*where you can find each other somewhere along the line rather than to say it's either on our own terms or you pack your turbines and go somewhere else, you don't want it to get to that stage, that's why we said -- but we -- it's not that we not doing anything from our side, it's -- because you must understand as well that this concept is still new" (LG\_1\_2014).* The official concludes: *"You can say that they do their thing, it's in the parallel, we not finding each other" (LG\_1\_2014).*

#### Non-transparent community trust establishment

Local government expresses concern about a potential conflict of interest for IPPs that are in charge of establishing and to a certain degree monitoring trusts. *"I mean the developer, or the company that develops a project, it appoints its own trustees but also it has a hand in the appointment of community trustees when are - when is the community going to have a voice in the project while it's dictated by the very same developer, you know" (LG\_1\_2014).* In the opinion of this respondent, the REIPPP programme would be better advised if government would *"coordinate or provide a capacity (...) to conduct the whole awareness program about the creation (...) [and] the management of that whole process in terms of who qualifies" (LG\_1\_2014).*

The community leaders interviewed indicate that they lack information about the process employed to establish the community trust. They mention ideas how an appropriate process would look and they expect procedural transparency. *"The trust community because we want to know because -- if they -- they won't come and say this is the community trust but there is no one from the community (...) And we want to know how did they do when they do -- you know nations above that. (...) Because they supposed to come to the community so that the community can say we want that kind of a person, not them to come in and bring in the person" (CS6\_COM\_2014).* The IPP appears to have responded positively to these concerns raised. *"[The IPP] says it's got to be reconsidered because the question was asked who decided? Because on the one hand we hear that the trust has been formed and then we hear no it's not" (CS6\_COM\_2014).*

The research found a number of examples for institutional disruption work, through either disconnecting sanctions or disassociating moral foundations. Most active disruptions workers were local government and communities. The research finds further efforts of disruption work, performed in ways that have not previously been discussed in the literature and presented in the next section.

#### 6.3.4 New work forms: destruction, questioning, raising consciousness and envisioning

The research entails findings that do not fit the classic institutional work forms. The six additional forms the research reveals include destruction, questioning, raising consciousness and envisioning. A fifth form is called demanding amendment capacity and the sixth form is referred to as objection and rejection. Table 30 summarises the associated codes.

**Table 30 Codes associated with new institutional work forms**

New work forms	Codes	Govt	IPPs	Com
<b><i>Destruction</i></b>	Vandalism as result of lacking community ownership			
	Possibility of vandalism			
<b><i>Questioning</i></b>	Availability of ED funding over time			
	Funding allocation process employed by IPP			
	Absent impact monitoring			
	Importance of strategic planning			
	Utilising community trusts for local ownership			
<b><i>Raising consciousness</i></b>	Community attitudes about SED and ED			
	Challenging task to serve community in unemployment context			
	Insincere corporate promises			
	Importance of expectation management			
	Lacking transparency in funding allocation			
	Expectation creation through needs assessments			
	Raising expectations through trust establishment			
<b><i>Envisioning</i></b>	Expression of commitment to fulfil promises			
<b><i>Demanding amendment capacity</i></b>	Government capacity to react			
	Community capacity to engage			
	Private sector capacity to adapt			
<b><i>Objection and rejection</i></b>	Non-responsive IPPs			
	Dishonesty causes rejection			

The actors of these new forms include all three key actors, with companies and communities dominating the activities.

#### **New institutional work form: Destruction as work effort to disrupt institutions**

Destruction includes vandalism and violence, both evident in this research. Destruction can be a form of institutional disruption work.

### Vandalism as a result of lacking community ownership

One company interviewed is puzzled about the vandalism of a sport facility they funded. The company perceives implementing projects like this facility for the community and explains the occurred vandalism as a problem of ownership. Despite prior agreement with the community that the facility should be secured and maintained by community members, the facility was destroyed not long after construction was completed (CS6\_CLO/ED\_2014). Subsequently, the company engaged with the local municipality and arranged that a caretaker was allocated and paid for the task. The perspective of the community and local government differs, in relation to the protection of the facility. It was suggested that this be done by erecting a fence. Since the company failed to do this, the vandalism was to be expected, both parties explained (CS6\_COM\_2014, LG\_2\_2014). In this case, the views around the consultation practices employed diverge a lot between stakeholders. However, the vandalism, whether directed at the facility, the company or as an expression of frustration with greater processes and structures, is motivated by an intention to disrupt a value, belief or practice.

### Possibility of vandalism

Interview participants discuss the destruction of physical assets also in relation to the actual energy infrastructure. A community member explains that service delivery protests directed at the local municipality involve marching on the street and burning of tyres. The informant says that the local IPP is experienced as being dishonest with the community and respectful engagement is impossible. The consequence is that the threat of vandalism is a possibility and is within the capability of the community.

We can go through that steel that's there (...). It's not a problem for this community. (...) We are tired of fighting, doing much and everything -- that -- the only solution is if we can come and talk with us then -- and do what with us for once in their live because they didn't do anything. And stop lying. We had enough of lies" (CS6\_COM\_2014).

Destruction is the strongest form of institutional work effort encountered in this research. It is performed (hypothetically) by the least powerful actor, the communities. What my research found is that people experience that this is the only option available to them to get companies to listen to them. This is a clear indication that the community's engagement strategies and the practices of government and companies, at least in these instances, are in urgent need of improvement. Furthermore, it reflects on the top-down and socio-technical approach to community development adopted by REIPPPP.



### **New institutional work form: Questioning as institutional work effort**

Questioning appears in the form of presenting a topic or issue for discussion, an open deliberation and questioning of the appropriateness of a certain practice, belief or norm. It could be understood as preparation for experiential surfacing or, in other words, as surfacing of the need to engage and exchange with others around a specific institution. This research reveals various examples of questioning.

#### Availability of ED funding over time

The SED/ED consultant of a company questioned the attitude and sincerity of the contract partner. The consultant expressed the concern that the IPP might lose interest in the defined developmental objectives; in particular if and when their attention to the local community might fade. Meanwhile, enterprise development measures especially, require long-term attention in order to create sustainable successes (CS8\_SED/ED CON\_2015).

#### Funding allocation process employed by IPP

A member of the provincial government mentioned another concern about renewables companies in general and their capacity to design and implement transparent funding allocation processes. "... personally. I am very worried about the process of how it's going to happen. Because I haven't heard of anyone that has actually got a good structure or a good process in place of how this is going to be managed" (PROV GOV\_2014). Further matters raised include governance mechanisms, communication of the process, and making the actual funding decisions. Again the provincial government representative expressed his reservations: *"I don't know if developers have quite got their heads around it"* (PROV GOV\_2014).

#### Absent impact monitoring

One company representative wondered openly how to actually make the ED side of the REIPPPP programme work beyond the short-term SED and ED efforts. How do we empower individuals through this money? These questions were raised in the context of a conversation about the industry's fear of being compared to the mining industry and not performing any better. The respondent suggested that the IPP-unit might be attempting to prevent this through the regular evaluations of SED and ED efforts (CS10\_CLO/ED\_2015).

#### Importance of strategic planning

Another SED/ED consultant questioned the current framework and suggests that an 'end goal' needs to be defined. What do we really want to achieve? Such requires a bottom-up approach informed by the community, utilising the existing leadership structures and employing mediation techniques to find common ground between the various interests. The top-down prescribed structures need to be matched with governance processes that can be effective in the context of the given local realities (CS12\_SED/ED CON\_2014).

#### Utilising community trusts for local ownership

A respondent raised the question of what the appropriate governance arrangement around local ownership might be. What was unclear to the participant was whether partnering with an existing trust is more favourable than establishing a new trust. Luckily, this decision is not urgent for the company "because the budget will be significant after five years so from 2020 not before" (CS1\_CLO/ED\_2014).

These examples of questioning amount to powerful messages, from REIPPPP stakeholders, about the sector's performance, government's approach to community benefits, and the collective task of implement the investments over the coming years. The messages require responsiveness on the part of all parties involved. Thus, questioning plays a vital role in putting issues on the agenda and stimulate discussion, the intent usually being of a disruptive nature.

#### **New institutional work form: Raising consciousness as form of institutional work**

The research data presents stakeholders raising consciousness about issues of importance without directly educating regarding skills or knowledge. The intention is to share an understanding and raise awareness, in particular, ahead of future institutions and associated practices that might become problematic. Early awareness might prevent unintended consequences if followed by successful institutional creation work.

#### Community attitude about SED and ED

Immediate needs constrain the capacity of communities to consider longer-term gains. A company representative tells of failed efforts to persuade a local community and SMME's to focus on the longer-term SED and ED benefits instead of the current missed opportunities in the construction phase. "I have tried unsuccessfully to motivate the SMME's to look at the bigger picture. (...) don't worry about the long run because we'll all be dead in the long run anyway, that is the attitude" (CS2\_CLO/ED\_2014).

### Challenging task to serve community in unemployment context

The trustee of a community trust explains that the scope of community development efforts is limited, in particular if the service to the community is unpaid and other employment lacking. "If I just get a stable salary, then I can care for the community better as well" (CS8\_TRU\_2015).

### Insincere corporate promises

One community member raises awareness about the unequal relationship between company and community. "These people come from a position of power" (CS6\_COM\_1\_2014). He emphasises that the community is not informed about the commitments the company has made in order to be awarded the status of preferred bidder. Therefore it is impossible to track whether the company is fulfilling its promises. This view receives some support in the suspicions of a CLO/ED professional who states; "I'm getting that message that the minute the [IPP] operates these guys are more interested in the money they'll be getting. They are business people, ED and SED is just a nuisance, two comma something percent just a nuisance" (CS2\_CLO/ED\_2014).

### Importance of expectation management

One respondent stresses that there are high expectations in communities associated with the promised community benefits. Therefore, expectation management is critical. "In the different areas because there are huge expectations in, in our area and in the [X] area, people just see, I mean they just see dollars running" (DEV AGE\_2014).

A second example of this form of questioning work appears in the following quotation. A community member recalls a conversation with the local IPP about the possibility of educating local youth with skills that could be of use during operations.

The project only [benefits long term] the high people that are in -- high engineers and all [of us] are going to be left behind which none of -- we don't have any of that here in our community. What we asked [the CEO of IPP] before, can't you take few of our matriculants and let them go study further like get bursaries for them to study further to ensure maybe if they pass that there will be something there for them, we'll talk about it. We still talking about it and he is gone now, so really.

The experience was negative for the community member and triggered memories of prior disappointing interactions with private sector promises to support the community.

I'm really frustrated because a lot of people come in this community, a lot of big companies and they just come and take our people for granted, they just come and promise, promise, promise and at the end of the day they done with what they came to do and then they gone (CS6\_COM\_2014).

#### Lacking transparency in funding allocation

The funding allocation through IPPs is in many cases not transparent from the perspective of the public. This NGO representative points that out. "I don't have really insight on other projects or how much or when or to whom they have given money. I can do research and then see it but it is not that it is open or available where you can see it. It is not published in the papers or something like that" (CS1\_COM\_1\_2014).

#### Expectation creation through needs assessments

Local government highlights the fact that already in the process of conducting the pre-bid community needs assessments, the company creates expectations in communities. Expectations that will remain unaddressed if a bid is not successful (LG\_1\_2014).

#### Raising expectations through trust establishment

Another opportunity to manage expectations is through careful consideration of the timing of events like the establishment of a community trust.

We are going to go out and tell the community yes, we have a trust and then nothing happens for five years. (...) Why are you creating an environment where people are going to allege that community trust money has disappeared because what was the hoo-hah about? (...) There are community trusts, like in [Place X], that have set up offices, they appointed trustees, it has all blown up in their faces and they are having to redo the process CS1\_CLO/ED\_2014).

#### **New institutional work form: Envisioning as institutional work form**

Envisioning work includes stakeholders defining a vision or goal, for themselves and others. This research appears to only have one example for this form of work. However, it is a simple and often occurring matter in conversations with REIPPPP stakeholders.

### Expression of commitment to fulfil promises

The vision for a strong relationship on the one hand and tangible benefits for the community on the other hand, keep the company and community in one IPP project going. The company is aware that the community is waiting, "... they are hanging on this 2016 hope for COD". They are also conscious about the need to deliver when the time comes. "If we [get] stuck when the money starts flowing the community will never trust us again because they are hanging all their hope and trusting us that we're going to keep to our word and that things are going to get better". The vision involves a solid company-community relationship. "... if we do from year one [make sure] that they start [seeing the] fruits [of our work] then the, the, the relationships are going to be even much, much better" (CS4\_CLO/ED\_2014).

### **New institutional work form: Demanding amendment capacity in support of institutional work**

The amendment of certain rules and practices is identified as necessary but the capacity to amend appears lacking. The result is an unchanged institutional environment.

### Government capacity to react

This IPP criticises the Department of Energy and Eskom for lacking capacity to attend to the industry on time with the services promised. Delays and financial losses are the consequence (CS4\_CLO/ED\_2014). This opinion is supported, when speaking about the capacity of the Department to monitor the community investments. "They don't have enough staff to actually have a hands-on approach" (LG\_2\_2014).

### Community capacity to engage

The consultative meetings for the environmental impact assessment (EIA) are experienced by a respondent as disadvantaging less educated communities.

We are sitting with a community that's uneducated and you know high rate of illiteracy, they don't know how to engage with this. And you know, (...) I go in there and I sit and I listen to the presentations and you just hear money. Job opportunities, money, trusts and you understand how the community gets completely, well they're lied to. There's, they create moments of hope and you just get stepped on again (CS6\_COM\_1\_2014).

In response to this complaint, the respondent explains trying to support community members in such meetings. "There's no such thing as a stupid question. Ask the question

and [do] a bit of activism so that you start asking the right questions, you know. So that if people promise a job, you kind of ask what are the checks and balances here? Because paper lies" (CS6\_COM\_1\_2014).

#### Private sector capacity to adapt

Community feedback about the funding allocation process employed by companies indicates certain weaknesses in terms of the capacity within companies as well, especially with respect to adopting appropriate procedures when engaging with the public. This community member, for example, deems the communication experiences as unsatisfying. The company had requested a funding proposal from the leaders of an ongoing community project, the proposal was sent soon after, but feedback or any kind of information about the process to follow was not provided, for months after (CS1\_COM\_3\_2014).

At the time of the interviews, only very few companies had thought through and acted on appointing dedicated liaison personnel, not only for sake of engaging with local communities but with government on various levels as well. A situation this respondent criticises. "I think some of them take on community and government liaison without the necessary resources. So they should have someone dedicated to government liaison". (PROV GOV\_2014).

This position is supported by the lesson of a story this community staff member tells:

"They come to us, we talk to them and that approach is the same approach that worries me in terms of your question, that visibility, community engagement participation in community functions, projects report backs, maybe a community newspaper or something will reinforce that indeed you are our partners in development. (...) They [specific community] have two projects, the first one is a high-mast project because of crime, the community decided we want a high-mast, okay, so in this meeting I, I was invited as a community relations manager for the project, it's a community meeting and obviously for me as a business person I'm concerned about the negative impact of crime in terms of economic development and it's my responsibility to educate the people, you know guys other than the high-mast you must take full responsibility and eliminate crime because business people when it comes to crime and I was shocked when a member of the [IPP company] threw his toys out of the cot because I had gone to that high-mast meeting. And I had to educate the individual. What you seem to forget, chief, is that community is a shareholder of this project. And if today you don't expose to this

community, you don't expose to this community that you are a stakeholder, an important one and when there are community issues being discussed, local issues you are also there. You are supportive; you care, when they are crying you cry as well. If you don't show that now then this people will doubt your strategy, they will say to us and they are saying that in some of the communities when you guys were bidding, you were holding us by your hands. Now you have -- one, you are ready now to operate, you are maintaining this distance" (CS2\_CLO/ED\_2014).

### **New institutional work form: Objection and rejection to work institutions**

Two last codes are grouped under another form of work that is named in this research as objection and rejection.

#### Non-responsive IPPs

Silence is a form of communication and in most cases will be understood as objection or rejection. An SED consultant complains about the lack of response from a neighbouring IPP. The rejected IPP was hoping to engage the colleagues across the road in a conversation about the possibility to coordinate the SED and ED investments (CS2\_CLO/ED\_2014).

#### Dishonesty causes rejection

In a certain community, the IPP appears to have left mainly disappointment. The expectations of the community are very low at this point. The local wind farm will make profit for the company, but the community does not believe there will be any benefits for them (CS6\_COM\_2014). The promised community investments and benefits have, in fact, raised fears of being disappointed and therefore any promises are simply rejected.

I dread to hear it all, any of it. Because I just don't, I don't want to believe it. I think, when I hear the millions that's going to be available. It can solve the problems here. But it's, at the moment I'm just thinking it's not going to, it's not going to come to this community. We're not going to see it. The potential impact of development funding is, however, perceived as significant. The respondent is fearful of even imagining the possibilities, but does give a brief glimpse of what the desired result might be. "I hope I'm going to be wrong. I really do. Maybe we can all get, you know, some good can come out of it. Some good will come. I'm not saying it's all bad. I know that there's some good. I just think it can be better. It can empower people to start believing in themselves" (CS6\_COM\_1\_2014).

The presented forms of work that are specific to this research reveal unique perspectives on the efforts of REIPPPP stakeholders to realize their logic motivations. All of these institutional efforts are ‘observed’ in interviews only; they are identified purely by description of intent and through opinions volunteered. Further investigation is required to establish their significance and other characteristics important to the task of fostering understanding of institutional work.

In light of this, in the following section we will examine the further evolution of the discussion of community benefits. This is done by means of an analysis of the content of discussions at multi-stakeholder workshops conducted prior to the fieldwork interviews for this research. The content offers some understanding of the level of reflexivity among stakeholders when they are considering some of the themes and issues discussed in the institutional work context.

#### **6.3.5 Increased institutional reflexivity amongst industry and government excludes communities**

Workshop reports and the interviews provide the basis for analysing the experiential surfacing potential and accomplishments further. The University of Cape Town’s Energy Research Centre hosted two multi-stakeholder workshops, in March and August 2013.

Over 25 professionals representing IPP companies and bidding companies, financial institutions, government, and civil society organisations active in the development field participated in each event.

In 2014, SAWEA’s Working Group on communities hosted another workshop, this time in Johannesburg and with a different facilitator. Sue Soal of the Community Development Resource Association (CDRA) facilitated the first two workshops and her colleague Doug Reeler, also of CDRA, facilitated the Johannesburg event. Some participants attended all three events, others only one or two.

A small team of authors, including myself, compiled the workshop reports summarising the discussion and the outcomes of the engagements. I was also involved in organising the three workshops, either in my capacity as university employee or working group member.

#### **Workshops reflect issues of concern and degree of openness amongst stakeholder**

The first workshop explored the experiences of stakeholders preparing and submitting bids towards the first two bidding rounds as well as the concerns of the few companies that had already been announced as preferred bidders. The discussion raised similar



issues to those that emerged in the interviews conducted in 2014 and 2015. Figure 2 lists the issues discussed at the workshop.

#### **Issues raised at the first workshop**

- The ill-suited timing and staged approach required by the procurement process in order to conform to the requirements of local economic development
- Defining and selecting local communities
- Unequal geographical distribution of development spending
- The collaboration constraining nature of the bidding process
- Alignment of development spending in areas with more than one IPP
- Lacking feedback for developers from the DoE
- Clarification needed of terms, definitions and requirements as well as of collaboration with municipalities
- Appropriate governance structures for development funds
- Financing community ownership shares and the timing of funding flows to communities
- Managing expectations and relations over the longer term
- Bringing community voices into the discussion
- Monitoring and evaluation

**Figure 6 List of issues raised at the first workshop (Source: ERC 2013)**

The workshop discussion concluded with a number of recommendations, which included the continuation of dialogues like this workshop and the institutionalisation of an industry representative platform or working group. Additionally, there is also appreciation of the necessity of the various levels of government convening around the economic development requirements (ERC 2013). The value of exchanging experiences was obvious to the participants at the workshop. Important to note is that at the time of the workshop, only very few companies had hired community staff. At the workshop, executives and not CLOs or ED managers represented companies.

The second workshop continued the surfacing work started in March. In response to the wish for guidance and insights into community development, community development practitioners told of their experiences in other fields and a community renewables expert from the UK presented an international view. The concerns and experiences discussed (Figure 3) reflect the progress companies had made since the March event.

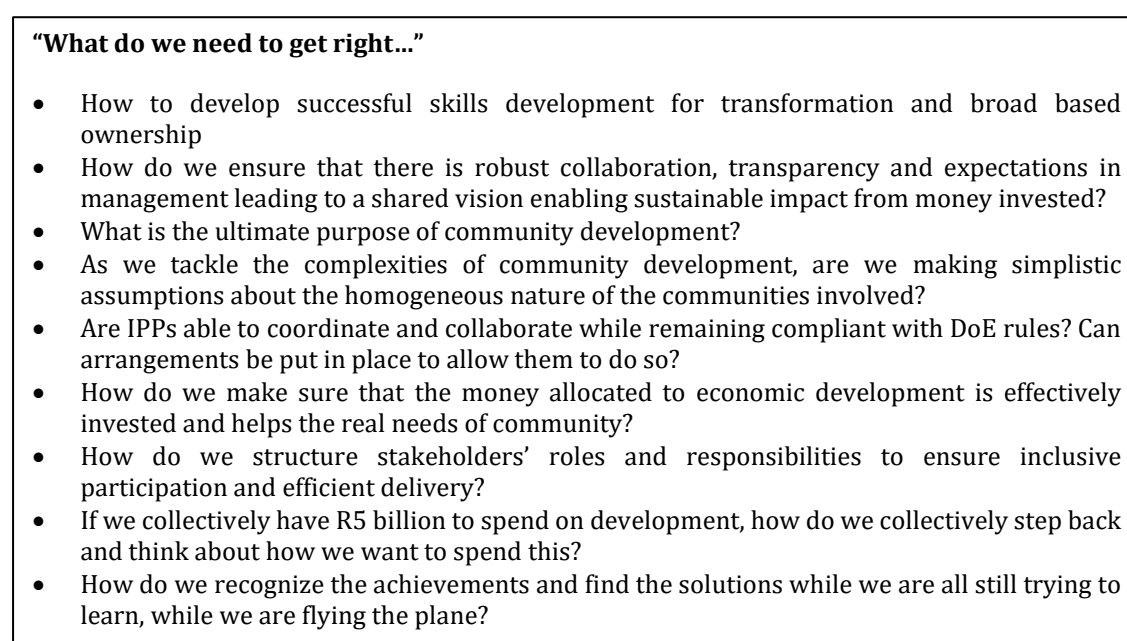
#### **Issues discussed at the second workshop**

- Challenges around labour relations
- Lack of consensus about an appropriate model of socio-economic development
- Accountability and the implications of where this fails
- Commitments, monitoring and reporting

**Figure 7 List of issues discussed at the second workshop (Source: ERC 2013a)**

The experienced community practitioners stressed the need to identify the potential synergies between employment and other community benefits in the various projects. Further lessons shared stressed that there is no blueprint method for community engagement. Therefore “the sector should aim for an interactive learning process which must include documenting and sharing case-studies of successes and failures” (ERC 2013a). To this end, the international speaker supported the idea of developing an “independent accessible registry of benefit arrangements in order to streamline best practice” (ERC 2013a).

The third workshop was hosted by the wind industry association SAWEA and brought together over 50 REIPPPP stakeholders in May 2014. The workshop began with the participants forming a collection of the key questions they had on their minds. Figure 4



**Figure 8 Key questions of participants at the third workshop (Source: SAWEA 2014)**

The last question, in particular, which asks participants to step back for reflection while being caught up in intense learning and implementation, provides another indication that a collaborative effort is required to enhance the possibilities of successful social implementation of the REIPPPP. The workshop saw three presentations, two presented by postgraduate students and a third by the development practitioner and facilitator on the day, Doug Reeler. I was one of the presenting students. The discussion afterwards explored a number of imminent challenges, which are listed in Figure 5.

#### **Issues discussed at the third workshop**

- Initial community liaison
- Changing business's practice with communities
- Job creation is a challenge, but manageable
- Learning from other industries, leapfrogging mistakes
- Foreign companies specifically challenged
- Challenging hot-spot areas
- Trusts are independent of company's influence
- Communities can only be developed by themselves
- The role of business in development
- Need for intermediaries to bridge business and communities
- Preventing political agendas from being an influence
- The REIPPPP as a funded program for social transformation
- Green economy- can it be better than extractive economy?

**Figure 9 Issues discussed at the third workshop (Source: SAWEA 2014)**

The workshop called for further research into hot-spot areas and concluded that a follow-up workshop should include “inputs from practitioners and case studies from other sectors” (SAWEA 2014).

#### **Interviews highlight need for training and networking for community staff**

The research interviews, especially the ones with company representatives, expose the need for more learning opportunities for the staff who are tasked with community relations and development. Chronologically, the research interviews for this research followed the workshops as they were conducted between February 2014 and February 2015.

Findings, per code group identified, related to reflexivity and experiential surfacing, will follow in this chapter. The interview content indicates increased reflexivity amongst the stakeholders compared to earlier stages of the REIPPPP. Company representatives appear to value networking, exchange, and collaboration more highly than before, while community trustees, who did not have a chance to participate in any of the workshops, still wish for basic opportunities to network.

#### **Companies have constrained capacity to deal with economic development obligations.**

A company representative suspects that not only his/her company is affected by this but also others.

Social development is not our core business. So I can imagine, I assume for a lot of other companies, there is probably something that they've [neglected]. You don't really want to deal with it because you don't know how to deal with it about, you don't have knowledge about it, until the time where you've made commitments, contractual obligations and now you need to report and it becomes a problem for you. That's probably when a lot of developers are starting to really pay attention to it, I assume (CS2\_IPP\_2014).

Another reflection by a different participant is that the entire industry is only at the stage of taking shape and, with it, there is a professional response to the economic development obligations. "[T]here is relevant expertise but it's true that I cannot say it's a professional activity with professionals at this stage, if you see what I mean. But on the other hand this is the case for the whole renewable industry in South Africa because it's just new" (CS7\_IPP\_2014).

While this process is on-going and industry-wide, learning continues in the individual companies. This particular company outlines the cyclical learning progression they have experienced.

So the main challenge for us was to actually understand how we can structure it, which stakeholder would play what role. You know where do your role end - where does it start, where does it end – your responsibilities, who reports to who. It's been hard, I would say, for our company to make all those decisions and to figure out the way forward. It has been very unclear. We spent a lot of time discussing, going in circles (CS2\_IPP\_2014).

Another company describes its learning as a stepped process, including consultation of colleagues and experts. "We need some time to identify people, speak with other stakeholders in the community, other companies. etc., see how they do and then train people and go step by step" (CS7\_IPP\_2014).

Another interview reveals how basic the professional arrangements currently are. The respondent, a CLO/ED staff member of an IPP, states that he/she enjoys professional support through the marketing manager, but that he/she lacks any formal education on the subject matter. “And the marketing manager that I spoke about she’s in Cape Town but she comes regularly to make sure that everything is fine (...). So I think I do have a big support base. For me personally (...) I’d like to actually get a more formal understanding of it, something like doing development studies” (CS6\_CLO/ED\_2014).

A professional with a similar scope of work is thankful for the support of the community liaison and development staff of a nearby mining company. The former and current mine employees provide advice and mentoring for the renewable energy community staff (CS8\_CLO/ED\_2015).

#### CLOs and ED professionals share the wish for training.

The suggested ideas range from formal training courses to informal networking and the exchange of experiences among colleagues in similar positions in other projects: “... now who do you talk to, who do you not talk to (...) but it would be better if you share with other people, how do you do this thing, what are the challenges and just share ideas” (CS3\_CLO/ED\_2014). The idea develops further:

You know and yeah this is what is what is happening but it would really be very nice you know you’ve got all the CLOs but unfortunately now there’s quite a few of us. Then we can just say okay its cool, this works for you and okay and how -- you know just get the experience from the others and perhaps they can learn a thing or two from me (CS3\_CLO/ED\_2014).

An interesting aspect of the suggestion is that company management and the personnel of CLOs and ED should have separate sessions.

Because I will tell you the reason why I say sometimes leave them outside, leave them out, other people are not comfortable to speak in front of their managers. (...) Because I think I’ve been in this role now long enough to know what is allowed of me or what is not allowed of me and you know what you may talk on, what *I may not talk about*” (CS3\_CLO/ED\_2014).

Other CLOs and ED managers support the wish for training (CS7\_CLO/ED\_2014, CS2\_CLO/ED\_2014) and emphasise that community staff as well as executives should realise that from the moment of the preferred bidder announcement; “we are not competitors, we are partners in development” (CS2\_CLO/ED\_2014).

Local government participates in capacity building workshops in the Eastern Cape. The provincial government and bilateral development partner GIZ collaborate in hosting these workshops in the Eastern Cape.

Industry working groups support collaborative learning and working. says one company—but, unfortunately, not all renewable energy associations have a working group or committee attending to community issues. The company hopes for the umbrella organisation, the SA renewable energy council, to provide a cross-technology platform for engaging around these issues (CS8\_IPP\_2015). Such a platform could provide an opportunity to just simply compare practices and experiences, which (at the time of this research) is not commonly being done, as this statement shows: “INTERVIEWER: Do you know how your procedures and your practice compare to other companies? PARTICIPANT: I have no idea” (CS2\_IPP\_2014).

A different company participated in a workshop held by the Energy Research Centre in 2012. The person remembers discussing the approach and content of SED plans in a small group session at the workshop. In the discussion companies appeared to be speaking relatively openly (CS1\_CLO/ED\_2014). Workshop participants questioned the fact that in certain communities’ multiple trusts will exist, representing the same beneficiary community, and they demanded government to intercede (CS1\_CLO/ED\_2014).

There is nowadays scepticism about the willingness of companies to sit around one table (LG\_2\_2014) as well as appreciation of restraining confidentiality agreements (CL8\_IPP\_2015). Companies are forced to act in competition with each other, “almost like rugby, like different rugby teams” (DEV AGE\_2014). The speaker stays with the rugby analogy and points out that competition when aiming for the same goal is nonsensical and in the end to the detriment of the goal itself; “it’s the same goal to each and everybody and I mean you become opponents to reach your goal, I mean that’s not going to [be] good for the area” (DEV AGE\_2014).

Very limited opportunity is currently provided for community trusts to exchange experiences. Training took place in one province and the trustees' feedback included the recommendation to continue and extend the training. The opportunity to meet people holding similar roles in their communities was of particular value to the participants (CS8\_TRU\_2015).

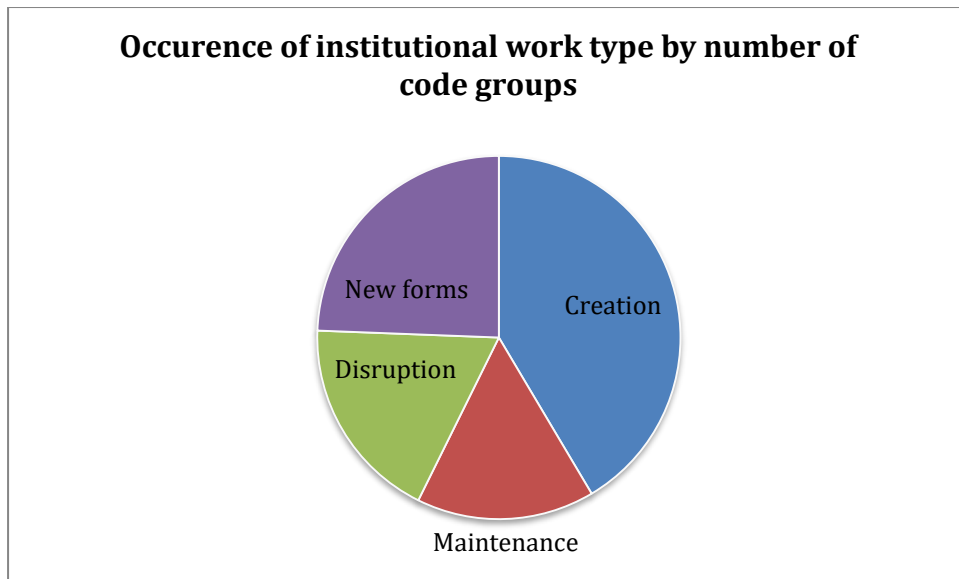
The following chapter discusses the empirical findings in the light of the analytical framework and empirical insight presented in the earlier literature review chapter.

## **7. DISCUSSION**

The presented findings create the foundation for the further discussion of the theoretical, methodological as well as empirical contribution of this research. The first part is dedicated to the discussion of institutional work forms and interactions with institutional logics. How do the different logics of key actors inform the institutional work performed in this research? The second part discusses the value of experiential surfacing in this research. Methodological reflections and an outlook to possible future research follow this.

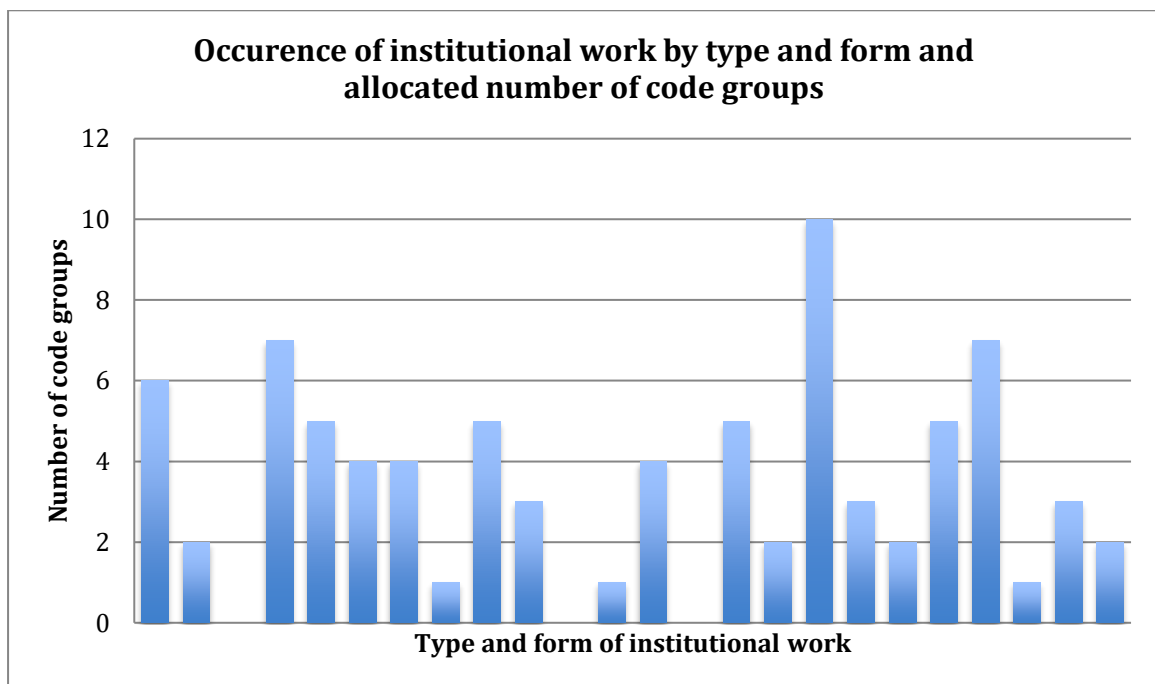
### **7.1 Institutional logics drive the institutional work of the key actors**

The findings chapter outlines the different institutional logics at play, while focussing on the various institutional work forms, guided by existing forms and newly identified ones, and content discussed in interviews as well as workshop reports that provides insights about the quality and content of experiential exchanges. Interview discussions reveal stakeholder efforts to create, maintain and disrupt institutions. Creation work is most prevalent in this research, according to the identified code groups, with new forms being the second largest group of codes, followed by disruption and maintenance work.



**Figure 10 Occurrence of institutional work type in this research**

Taking a closer look at the code groups per form of institutional work, it is revealed that disassociating moral foundations is the most popular work form in this research. Raising consciousness and constructing identities are second most popular, followed by defining and educating.



**Figure 11 Occurrence of institutional work by type and form**

Institutional logics provide supplementary theoretical messages in the context of this research. This is partially related to the research methodology applied, which paid less attention to the study of stakeholder logics than to their institutional work and experiential surfacing.



Nevertheless, the application of the ideal type logics of the state, companies and communities onto the REIPPPP's key stakeholder provides insights into the basic motivations influencing institutional work and engagements.

The research findings indicate that actors tend to engage in different forms and importantly of institutional work. The differing roles and associated logics determine this partially, but also timing of the institutional work effort throughout the policy process is an important factor.

Government dominates through institutional work in the first research step, which analysed the policy itself. Companies worked in the second analysis, which focussed on the bids submitted. The third research step, drawing on stakeholder interviews, reveals an almost equal strong work activity from government, companies as well as communities. Differences here lie in the forms of work employed to achieve a certain creation or change goal.

In line with the logics, motivating the three actors, government engages in work that affects formal institutions mainly, using defining, vesting and policing work. These work forms are not, or only very little, employed by the other actors. Companies, also in line with the theoretical expectations, work on formal and informal institutions. Formal institutions relate in their work to the bid documents and commitments, while informal institutions stipulate their relations and engagement practices mainly with communities but also local government and other companies. Communities, excluded from decisions made in the earlier phases of project development, focus their efforts on the practices and company-specific policies affecting their respective communities. Specific to them is work that is referred to as destruction, involving vandalism, and effecting change in a most radical way.

The engagement of different work forms is a direct result of the allocation of decision-making power and participation at the various stages of project development. The least empowered actor, as far as this research is concerned, is the community, which is drawn more to violent institutional work than any other actor possibly in an attempt to shift the power towards more balance.

**Table 31 Institutional works undertaken at policy, bid and implementation stage by the different actors**

Institutional work undertaken at research steps by different actors		Policy requirements			Bid documents			Implementation		
Type	Form	Govt	IPPs	Com	Govt	IPPs	Com	Govt	IPPs	Com
Creation	Advocacy									
	Defining									
	Vesting									
	Constructing identities									
	Changing normative associations									
	Constructing normative networks									
	Mimicry									
	Theorizing									
	Educating									
Maintenance	Enabling work									
	Policing									
	Deterring									
	and demonizing									
	Mythologizing									
	Embedding and routinizing									
Disruption	Disconnecting sanctions									
	Disassociating moral foundations									
	Undermining assumptions and beliefs									
New forms	Destruction									
	Questioning									
	Raising awareness and consciousness									
	Envisioning									
	Demanding amendment capacity									
	Objection and rejection									

## **Government**

The research determines that government, represented in respect of the IPP procurement programme by the Department of Energy and the National Treasury, and acting in line with its source of authority, creates institutions through defining rules, as the procuring party. This is at the stage of policy formulation, based on the analysis of the procurement documents. Here government is also vesting, by defining local residents of a particular area as beneficiaries. This constructs identities, for communities, as beneficiaries of specific IPP projects and for companies as development actors in such areas. Energy companies have been forced into this role and, while generally rising to the challenge, are ill-equipped to satisfy the consequent demands placed on them. While government policy does not require companies to perform well in terms of impact on the community, it does measure their performance, based on inputs and outcomes of the investments.

From a developmental perspective, this is inadequate to ensure meaningful interventions and, indeed, it allows companies to get around 'internalising' the issue. Communities, uninformed about the programme, passively fulfil their role. One might expect the passivity to change, as information is disseminated and increasingly funding is allocated locally. Local government is excluded as no role is assigned to them in the context of the local economic development ambitions of the programme. Local government criticises this heavily, referring to their mandate to foster LED as we; as public-private partnerships. The REIPPPP LED investments could be a much-needed funding addition to their efforts, even if only in collaborative fashion, as co-funding to ongoing or earmarked LED projects by local government.

The IPP office also conducts institutional creation work through mimicry, and theorising. Mimicry is used to ease adoption, of, in this case, incoming RE projects. The mandated community benefits could be seen as a strategic effort from government to support social acceptance. Government theorises that SED/ED and local ownership will enhance economic development. In the absence of guidelines or at least a framework for these investments, such a causal relationship between input and impact is debatable, if not unlikely, taking into account what we know about the impact of CSR and development aid historically.

Government also maintains and disrupts institutions through the formulation of the procurement rules. With regard to the community benefits, this is, for example, undertaken by ensuring adherence to rules systems through enabling, policing and deterring work and through embedding and routinizing institutions with the intent of

reproducing existing norms and belief systems. All of this is categorised as maintenance work. The reallocation of revenue and shareholding to the benefit of local communities enables continuation of the country's envisaged growth and development path. These rules are policed, and deterred from changing, through contractual agreements. By enforcing the requirements, government compels companies to attend to their relationships with local residents, almost on a daily basis. Government does routinizing and embedding work, but whether this is deliberate is uncertain as one might expect government to further qualify such practices, at least beyond the allocation of termination points in cases of deviances from the investment schedule. The latter is an effort of disruption, through disconnecting sanctions, which ultimately can lead to an IPPs contract to sell electricity to be suspended.

Neither companies nor communities participate actively in institutional work at this stage. This changes though, at the next stage, represented through the bid analysis, in this research.

### **Companies**

Companies lead institutional work efforts in the development of projects and later in their implementation as well, even though government and communities also work on institutions in the implementation phase., communities and government work on institutions as well. Based on the 64 successful bids studied, companies mainly work towards creating institutions, but also engage in maintenance and disruption work. It has to be noted that the procurement rules guiding the formulation of a compliant bit, place acting power with project developing companies. Communities might have been more (pro-) active participants, if the rules had been written more in favour of it (e.g. lower transaction costs). Under the given format, project development is a top-down affair. Government makes the rules, companies develop projects and communities hold shares, without voting rights and receive project benefits.

Companies create institutions by defining hierarchies among local residents when appointing trustees to serve on the boards of community trusts. In the SED plans, companies also define certain organisations and projects as pre-identified beneficiaries of SED and ED funding. These actions also construct identities. Only one company constructed such an identify for the acting local government in the project area. Companies construct normative structures by establishing partnerships with organisations. These partnerships are governed by means of agreements detailing what is called for concerning compliance, monitoring, and reporting.

Companies also use mimicry when creating new institutions; they associate community trusts with a guaranteed income over 20 years through shareholding dividends. Lastly, and conspicuously, companies stress the need for training of community representatives serving on trust boards. The reviewed SED plans however, bore no evidence of trustees as authorising agents. Companies outline policing ambitions in their SED plans related to compliance and reporting concerns and they draw-up trust deed documents that determine the trust's governance.

Companies disrupt existing institutions through sanctions. The trust deeds spell out sanctions, which apply in case of misconduct.

During the subsequent project implementation and operation phases, companies create, maintain and disrupt institutions. The research finds companies defining their quantitative commitments, company-specific rules and policies for community benefits, roles and responsibilities, including the role of local government in relation to the community benefits and the trust. Companies also construct identities when discussing the identity of the community trust, their company's identity within the project area and through the consultation process locally by including and excluding certain people and organisations. Companies further influence identities through the following actions: the process of funding allocation (e.g. beneficiary versus non-beneficiaries); taking decisions related to the governance of the community funding and the role of local government; and the process of electing trustees for the community trust.

Companies also change normative associations through realising collaboration, communicating and consulting with communities and local government and appointing and training CLOs. They construct new normative networks in the process of attempting to collaborate with other companies.

Companies employ mimicry relating to their internal capacity for community engagement and development tasks, promises made during the EIA process, and the development of company- or project-specific policies that guide their funding allocation process. Theorising efforts relate to the company's rationale for undertaking institutions through enabling work in relation to media communication, funding allocation and the governance rules or trusts. They also deter institutions by making the same commitments for each of their projects. They valorise and demonise through the examples of collaboration and non-collaboration, successful and non-successful communication,

positive and negative examples of funding allocation and the timing of the trust establishment. Companies embed and routinize institutions through prioritising expectation management, creating a physical presence in their project area, and implementing measures to prevent attention by the public.

Companies disrupt institutions by disconnecting sanctions by criticising the community benefit requirements and the requirements for trustee selections as determined by financial institutions. They also disassociate the moral foundations of the community benefit rules by criticising their developmental value. Finally, they disassociate the moral foundation of the relationship between companies and local government.

New institutional work forms, used by companies, include questioning: of the availability of funding over time (consultant questioning); the absent impact of monitoring; the importance of strategic planning; and the appropriateness of utilising community trusts as vehicles for local ownership. Companies raise consciousness about insincere corporate promises and expectations associated with the community trusts. Companies envision themselves fulfilling their commitments. Companies demand amendment capacity from government to react to challenges, but also from the industry itself to grow adaptive capacity in response to the community benefit requirements. Finally, they object to experiences with non-responsive IPPs.

## **Communities**

Communities work on institutions mainly at the project's implementation stage. They are active in creation, maintenance, disruption and the various new forms of work that have been revealed.

Communities advocate for multi-stakeholder collaboration. They construct identities in a number of ways. When explaining about the motivation of community members to lead and take part in activities, when discussing the identity of the community trusts, and when attempting to identify the personnel of the various companies active in their area. Further, codes, relating communities to identity work, include the company-community relationship through funding allocation, the role of local government in development, and the process of selecting trustees. Communities create normative associations around their consultation and communication with companies, the appointment and training of CLOs, and their own experiences with corporate promises. Communities engage in mimicry work when discussing capacity within communities and work through education

to criticise current communication practices, the REIPPPP more generally, and the training in which they have participated.

Communities also maintain institutions, mainly through valorising and demonising, here through positive and negative examples of collaboration, communication and funding allocation processes, but also by embedding and routinizing, which relates to the availability of companies for meetings at a time convenient for community members.

Communities disrupt institutions through disassociating the moral foundations around communication practices, development capacity within IPPs, experiences of failed corporate efforts in communities, unacceptable funding allocation practices, wider consultation required by the IPPs, and the non-transparent method of establishing the community trust.

Further work, captured in the new forms of work, finds communities destructing through the efforts of vandalism. Communities work on raising consciousness around the challenging task of serving the community in the context of unemployment, insincere corporate promises and, again, lack of transparency, this time in the process of funding allocation. Communities also demand amendment capacity so that communities may engage more effectively and so that companies may adapt to the tasks demanded by community development. Communities object to dishonesty from companies.

## **7.2 Inclusive surfacing of experiences should lie at the heart of community renewables**

The findings present evidence for the importance of experiential surfacing opportunities being available for REIPPPP stakeholders. While the policy documents, published in the form of confidential procurement documents, restricted public engagement and dialogue, exchange was possible among registered bidders. Government would, for example, call these registered companies to briefing sessions. Occasions like this allowed, even under unfavourable conditions of competitiveness, for some exchange between companies and with the government. Company management and executives enjoyed further opportunities to exchange thoughts and concerns early on in the programme by means, for example, of the workshops analysed in this research, but there is also a myriad of other, possibly more exclusive, networking opportunities and discussions. Community staff, a later addition to companies, expressed a strong wish for professional networking and practice development in the interviews. The interviewed community stakeholders as

well as local and provincial government remain fairly excluded from such opportunities. The Eastern Cape provincial government is attending to local government in a series of capacity building workshops. In the northern Cape, the IDC has started gathering community trustees for information sessions. Beyond these initiatives, multi-stakeholder dialogues and engagements are rare.

Theoretically, there is ground to argue that regular and meaningful multi-stakeholder engagements are in fact crucially desirable. In other words, the implementation of community benefits can be massively improved through meaningful multi-stakeholder engagements, which allow local government and communities to participate and contribute to the surfacing of experiences. The institutional work analysis supports this argument through the revelation that communities don't feature as active institutional workers in the policy or bid stage. The third research step explored companies starting to implement benefits. While increasingly communities and local government are investing energy in disrupting institutions. Companies created or maintained those institutions targeted because they appear inappropriate or even harmful to other stakeholders. Consequently, a theoretical hypothesis is that disruption work can be pre-empted through experiential surfacing involving all relevant stakeholders. This would result in the energy invested in disruption work being made available for positive institutional work, assisting successful projects and implementing community development. This view, as expressed in Nilsson's paper on experiential surfacing (2015), and frequently quoted from in this thesis, is supported by various more phenomenologically-driven studies of community development and corporate social responsibility.

### **7.3 Ample scope exists to improve the industry's community relations and development practice**

The following section discusses the practice observed in the REIPPPP in the context of the reviewed literature. Discussed issues include the importance of creating community benefits, community development traditions and frameworks, the practice of community development, definition of community, public participation in the EIA process, and associated meetings.

REIPPPP and other community renewables initiatives create a new social layer; they introduce the definition and identity of 'project communities'. In the context of South



Africa's REIPPPP, belonging to a 'project community', is based on geographic residence and on project developers' choices. (Sihlongonyane 2009) sees project community as a layered concept: "Constructed, contested, shifting, and non-existent--all of them occurring simultaneously". Apparently, project communities live off 'social capital' that allows for "co-operation involvement; social integration, participation by everyone and anyone community capacity to identify needs, define problems, and pursue courses of action, as well as the capacity to acknowledge community resources and, when necessary, draw on outside resources" (Sihlongonyane 2009). Other scholars, to whom she refers in her paper, contest the value of social capital, in particular as related to the concerns raised about communities being inherently divisive and disunited. However, it is critical either the community is defined and driven from the inside or outside. In REIPPPP, the latter is the case, which provides reason to worry about the sustainability of the created identity.

Let's reflect on what research from Europe tells us about the importance of community benefits. This research finds that benefits, in the context of renewable energy projects, must not be perceived as a bribe, but rather as honest compensation or, less favourable, but still better than a bribe, as Corporate Social Responsibility (Walker et al. 2014). Further, communities should ideally have some influence or even control over the energy project development in the first place (Cowell et al. 2011). Neither of these recommendations is realised in the studied policy case. REIPPPP communities are not generally consulted about the wind and solar projects, which can be blamed on poor EIA practices and lack of capacity within communities to effectively engage with the opportunity that public meetings provide. In most cases, this results in a local population that is effectively uninformed about the coming project(s) and also is not aware of any related local benefits. The benefits, since they are mandatory, do occur, but fairly suddenly for most communities affected. This again is due to lack of public awareness about the procurement programme and its community benefit requirements. The fault for this can be laid at the door of government, but also the door of companies, as they don't invest the time and capacity needed to engage satisfactorily. On the positive side, the benefits cannot easily be called bribes. Not in the conventional sense at least. The projects are in most cases approved and in some even operational already by the time knowledge about the benefits spreads in the project areas. However, the importance of the project remains, since the implemented technologies, even though they are vulnerable to vandalism, will reside in the areas for a minimum of 20 years.

Very clearly, the REIPPPP's community benefit obligations provide, at the very least, a technical understanding of community development, even if the programme is drained of

dialogical appreciation. While government does not specify that the REIPPPP's obligations must be used towards community development, which would have been helpful, there are also no clear guidelines as to how the obligations relate to existing policies and programmes. Had the REIPPPP been formulated so as to involve the various state departments mandated with economic development (Social Development, Economic Development, Rural Development, etc.), such shortcomings could have been prevented.

The South African government is known for top-down and framework-driven community work. While the programme represents a top-down policy approach to generating funds for community development, the REIPPPP could benefit hugely from a framework (indication) to guide the investments. The policy also represents a missed opportunity for cohesive policy development and implementation. The community benefit funds could have been aligned with or linked to existing development policies and, in particular, to community development efforts on national, provincial and/or local government levels. The Sustainable Livelihoods Approach (SLA) has been adopted by the Department of Social Development, for example, and by making the funds (or rather their compliant implementation) conditional on the adoption of the SLA principles, results could have been guided, possibly enhanced.

On the positive side, the absence of prescribed ways of implementing benefits offers the opportunity to explore and develop individual and personal/company-specific practices, adopting existing frameworks or even attempting to innovate. This research however reveals that, at the time of the research, capacity amongst all three key actors as well as adequate support measures were inadequate to effecting such an outcome. While various efforts in support of the sectors' community obligations are underway, permanent successes are not identifiable at this stage. The reason for this is found in the practice, as it is emerging in the various projects.

REIPPPP as a whole has a technical approach to development, top-down and compliance-driven, with a strong emphasise on the disbursement of monetary funds. It lacks appreciation of any dialogical or community-driven work. Further, practice development among the community development practitioners is hindered by the confidentiality and competitiveness demanded by the procurement programme, these being required in all elements, including economic development and community benefits. Theoretically, once a project has reached grid-connection it should be possible to overcome such constraints,

but resources and capacity--as well as simply understanding the need to do so--are lacking.

Based on Walker and Devine-Wright's study, which indicates that process and outcome of community benefits determine project acceptance, REIPPPP projects could be expected to face serious (acceptance) challenges. A closed and institutional process produces projects, majority ownership lies with private companies and local ownership doesn't provide voting rights. The involvement and influence of local communities are therefore minimal. Public participation in REIPPPP planning is overlooked, by companies and lobbyists and supporters--so far. The situation is being fought in pockets, as in the Eastern Cape, but the quality of engagements overall appears to be in line with EIA processes in other sectors. For example (Lindeque & Cloete 2005) find in their study of EIA processes in South Africa that public participation is under-utilised in current planning processes and that short-term commercial interests, to boost rapid development, conflicts with longer-term benefits that could prove to be more cost-effective. REIPPPP projects are developed with the commercial interests of large, often international firms in mind. Financial profit is the prime motive for these companies to become involved, with a small amount of revenue and dividends to be distributed to the communities.

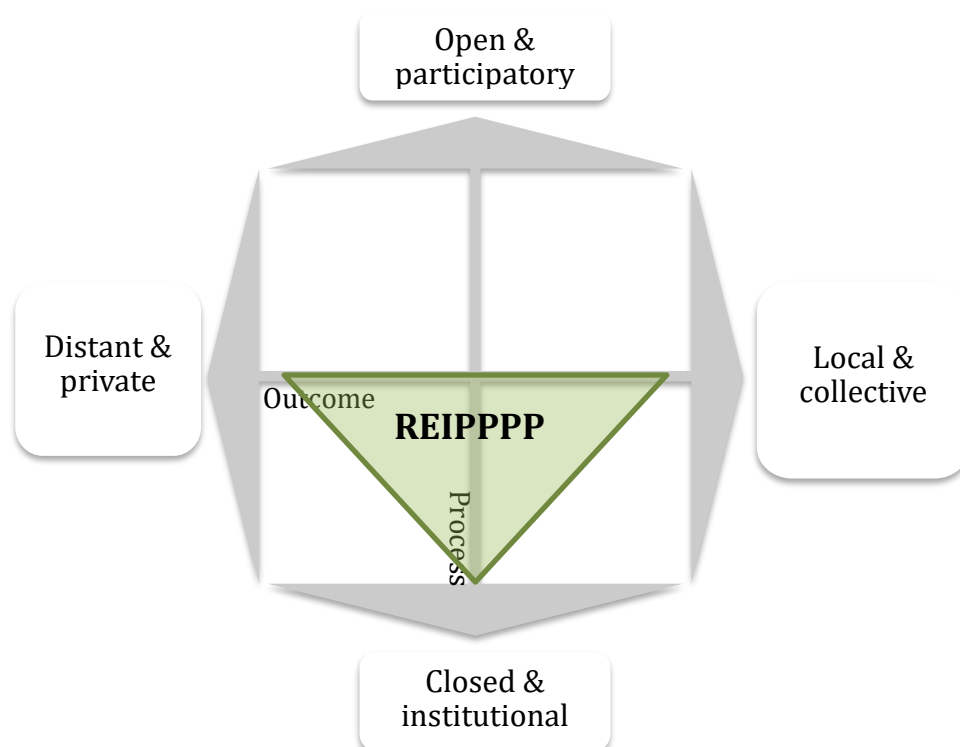


Figure 12 Understanding of community in REIPPPP according to dimensions defined by Walker and Devine-Wright (2008)

A final related finding, drawing on overseas research, indicates that the practice shortcomings of the REIPPPP projects, are similar to those that occur in renewables projects in the UK. These shortcomings include the reactive approach to funding allocation, the limited geographic area eligible to benefit, and the lack of collaboration among development stakeholders (Munday et al. 2011).

#### **7.4 Future outlook and research**

We might never find out who ensured that community benefits feature in the renewables procurement. Neither will we know who overlooked or ignored the need to align the economic development requirements with the country's existing development goals and policies. The South African government, if we simply refer to the responsible actor in that way, has created a huge opportunity for the private sector and more specifically for the renewable energy industry to write a new narrative. Concerning the old question of what the role of business should be in development, the community of approved bidders has the opportunity at present to redefine the answer to this question. In the absence of governmental guidance, it is almost solely the responsibility of the industry to put the committed funds to appropriate use, by facilitating the pressing transformation and development agenda.

Deliberately, I turn to the community of IPPs, because in my view, only in collaboration will it be possible to make a meaningful contribution. Failing that, with time, dissatisfaction will grow among communities and government. Much is at stake, with little that has been lost to date in terms of material damage, but vandalism and violence are common occurrences in company-community conflicts. In order to prevent, or at least constructively engage with conflict, what is required is capacity that is driven by an appreciation for the complexity of the task on hand.

In reality, going forward, all the key actors require enhanced capacity. First and foremost is government, which is in the powerful position to be able to guide the community investments through, for example, incentives to collaborate, with indications of a (community development) framework to follow and the provision of impact monitoring requirements.

Second in the line of responsibility is industry. Individually or collectively, energy companies should accelerate their learning about company-community relations and development, with the goal of raising to professional standard their work with local communities. Thus, they should investigate funding an industry/sector-wide enquiry and consensus-building process, with its focus on the envisaged impact of the community

spends. This will carry reputational value, but more importantly, is critical for the identity and related contribution that the industry wishes to make to society. This effort is crucial, whether engagements with community mandatory or not, also to foster the successful development of operations in other countries, across the continent and beyond.

Thirdly, civil society, including local communities, that is involved and affected by REIPPPP projects, should be more proactive in engaging policy makers and industry. The not-for-profit organisations active in the field of climate change, energy and, most importantly, development, and not forgetting academic institutions, have the opportunity to support relationships between communities and industry. This may be achieved through, for example, engaged scholarship, training and organisational development support for community trusts, and as convenor of multi-stakeholder processes in support of collaborative efforts.

## 8. CONCLUSION

The implementation of large-scale community renewables in South Africa is under way, shaped through institutional work through government, private companies, local communities and academia. This research asked how are government, companies and communities conceptualising the evolution of institutions towards implementing the community benefit requirements in South Africa's REIPPPP? In seeking answers to these questions, the thesis studied the policy requirements, project bid documents as well as implementation experiences, with the intention of exploring the influence that institutional logics and experiential surfacing have on institutional work. In the phenomenological focus are the emerging practices employed in the design and implementation of community benefits through the socio-economic development, enterprise development and local ownership requirements of the Renewable Energy Independent Power Producer Procurement Programme.

The research finds government acting alone as institutional worker, driven by its ideal form of logics, in the formulation of the policy and its rules. Private companies, motivated by corporate logics and steered by the policy, create, maintain and disrupt institutions in the course of development of project proposals and associated community benefit commitments. In the project's implementation and operation phase, all actors, including communities and academia, participate in such work. New work forms emerge, including violence, questioning, raising consciousness, envisioning, demanding amendment capacity, and objection and rejection.

Further findings reveal the importance of dialogue, which should include stakeholder groups, in order to surface experiences so as to maximise the potential for transformative and developmental impacts that will benefit local communities through the policy. The action research agenda associated with this research worked to mitigate some of the current shortcomings, including lack of dialogue, availability of information about the policy, and collaboration amongst stakeholders.

Much work remains for future academic research and practice support. Since it is required that public monitoring of the longer-term impacts of community renewables in South Africa and elsewhere continues, implemented in contexts of poverty and inequality, the attention of academics, government officials, and, importantly, funders, their attention to the topic will grow. For if renewable energy is the technological present and future, we need to grow, keeping pace, our understanding and practice that allows for its social implementation, in a sustainable fashion.

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## Appendix

### Common company practice and timing of local community relations and development in the REIPPPP

<b>Common company practice of local community relations and development in the REIPPPP (own compilation)</b>	
Bid preparation and submission	
<ul style="list-style-type: none"> <li>- Companies reading and thinking through the procurement requirements outlined in the RFPs.</li> <li>- Engaging with consultants on how to approach SED, ED and local ownership.</li> <li>- Consultants could be CSR firms, specific SED and ED service providers or other independent development consultants.</li> <li>- Prescribed local beneficiary communities located within a 50km radius around the proposed project site are identified.</li> <li>- Consultants review government documents and/ or engage with selected local stakeholders (including local municipality, NGOs, and others) to profile the identified communities.</li> <li>- Public EIA meetings are held where the company presents the community benefits and job creation prospects.</li> <li>- Community trust is established with preliminary trustees (often company personnel). Trust deeds are drawn up.</li> <li>- An SED plan is prepared for submission with the bid.</li> </ul>	
Towards financial close	
<ul style="list-style-type: none"> <li>- Amendment of trusts deeds to suit funders' requirements.</li> <li>- Initial ad hoc funding of organisations, projects and events in the beneficiary area (often referred to as goodwill projects).</li> </ul>	
During construction	
<ul style="list-style-type: none"> <li>- Continuation of ad hoc funding of organisations, projects and events in the beneficiary area (through EPC as well).</li> <li>- Company intern discussions about how to approach community relations and development.</li> <li>- In some projects community trustees are selected during construction.</li> <li>- Contracting of in-house personnel or external service provider for community liaison, recruitment, public relations, BEE and community benefits.</li> </ul>	
With grid-connection	
<ul style="list-style-type: none"> <li>- Launch celebration, showcasing beneficiaries of ad hoc funding.</li> </ul>	
During operation (20 years)	
<ul style="list-style-type: none"> <li>- Community trustees are selected or in the process of being selected.</li> <li>- SED and ED funds being allocated and spent.</li> </ul>	

- Local ownership funds provide income for community trusts (timing depends on project finance structure).
At close of the project
- No plans developed as yet.

#### Summaries of community benefit schemes found in case studies

##### Summary of case study CS1

###### **Bid preparation and submission**

A service provider wrote the SED plan for the project. The plan is based on desktop and statistical analysis and includes basic information about where province's projects are and suggested a focus on education data that had already been identified by active NGOs in the area and was readily available.

The company committed 1.1% towards SED and 0.4% to ED.

###### **Selection or rejection as preferred bidder**

The project was sold after being selected as preferred bidder. The buying company has to deal with the expectations created during the project's development phase.

###### **Towards financial close**

The company plans to establish a trust, which will be governed by board Financial partner (IDC, DBSA etc.) trustee (for loan period), two company representatives or independent trustees, and two beneficiary trustees. The LG is entitled to appoint an observer to the trust board.

The company had allocated funding already before financial close to certain NGOs identified in the SED plan. Some of them were continued with, others stopped in terms of funding relationship.

Company is committed to building in-house capacity to deal with community benefits. SED money is funding the position of the company's ED manager.

###### **Construction**

The company spends time on site and with local stakeholders to identify existing expectations.

### **Operation (20 years)**

The company governs the SED and ED funds and approaches NGOs and active individuals within 50km radius to seek out funding opportunities. The company is establishing a community trust with local residents representing the beneficiary communities.

#### Summary of case study CS2

##### **id preparation and submission**

The company submitted a rough SED plan in which no commitments about how the community funds were going to be governed were made.

The project developer registered a pro forma trust on which board the voting rights are unequally distributed, providing the company with more control than other trustees.

##### **Selection or rejection as preferred bidder**

The company explained the idea of establishing a community trust to the local residents and started a process to identify community trustees.

##### **Construction**

SED and ED is discussed in the context of a road show in various communities, involving pamphlets and meetings with local politicians and residents. No funding is allocated as yet.

The company implements a community office as point of contact for job seekers and to receive queries and concerns.

##### **Operation (20 years)**

The company is discussing various options for the governance and investment of SED and ED funds. It envisages a funding allocation process for SED/ED and trust money, which is tailor-made for the local conditions and remains amendable over time. This process will be designed and implemented by a SP.

#### Summary of case study CS3

##### **Towards financial close**

Establishment of community liaison office.
<p style="text-align: center;"><b>Construction</b></p> <p>The community trust is governing the local ownership funds derived from the 25% local shareholding.</p> <p>Small projects were funded during construction time. These were identified through a community forum and the company.</p>
<p style="text-align: center;"><b>Operation (20 years)</b></p> <p>The company wants SED funding to be dealt with separately. Consultants are going to be appointed to assess needs and to implement projects.</p> <p style="text-align: center;">The project has no ED obligations.</p>

<u>Summary of case study CS4</u>
<p style="text-align: center;"><b>Bid preparation and submission</b></p> <p>The SED plan was developed by a consulting firm, which undertook site visits to inform the plan. The project committed 0.6% towards ED and 1.5% for SED.</p> <p>The project is partnering with an existing trust in order to fulfil the local ownership requirement. The trust will govern local ownership funds, without interference of company.</p>
<p style="text-align: center;"><b>Towards financial close</b></p> <p style="text-align: center;">The project funded small goodwill initiatives.</p>
<p style="text-align: center;"><b>Construction</b></p> <p>The project continued funding small goodwill initiatives during construction time. Local government is not consulted in this context. The community perceives itself as independent from government and the project is envisaged to potentially improve this relationship.</p>
<p style="text-align: center;"><b>Operation (20 years)</b></p> <p style="text-align: center;">The SPV's executive board is governing the SED and ED funds.</p>

Summary of case study CS5

**Bid preparation and submission**

- ED consultants assisted with the preparation of the bid. Their research involved site visits and a needs analysis. The project committed 0.6% towards ED and 1.5% for SED.
- The consultants also assisted with establishing a community trust. The company is represented on the trust, which will govern the local ownership funds derived from the 2.5% shareholding.

**Towards financial close**

The project funded small goodwill initiatives.

**Construction**

The project continued funding small goodwill initiatives during construction time as well. Local government is consulted and kept informed about any investment decisions made by the company.

**Operation (20 years)**

The IPP/SPV is managing the ED funds. SED is allocated towards a separate legal entity involving the land owners.

Summary of case study CS6

**Construction**

Small goodwill projects were funding during construction time. The company claims that local government is involved in planning of projects, however the government is expressing dissatisfaction about the level of collaboration and is concerned about the sustainability and appropriateness of projects funded.

The IPP/SPV opened a community liaison office to support public relations and the community is communicating news about relevant engagements and decision through a Facebook group.

**Operation (20 years)**

The project establishes a trust to govern the LO funds. Trustees have not been selected yet because the community raised concerns about the suggestion that the majority of trustees on the board shall be from outside the area. The company communicated to



the community that they are in the process of designing a process for this. The trust will also manage the ED funds.

#### Summary of case study CS7

##### **Bid preparation and submission**

The project didn't make any ED commitments. SED was preliminarily allocated towards education, in an SED plan written by a consultant.

##### **Construction**

The IPP/SPV team is handling the SED investment decisions, supported by the CSR experience in the SA shareholder companies. Some of the SED funding available over time might be allocated towards expanding ongoing CSR programmes in these companies.

Small goodwill projects are funded during construction time, identified through the CLO and funded through various sources.

The community trust is not established properly as yet. The option to partner with an existing trust instead of establishing a new one is still being discussed.

##### **Operation (20 years)**

One NGO is receiving the majority of the SED funding to implement an education programme.

#### Summary of case study CS8

##### **Bid preparation and submission**

Local trustees were selected and a trust registered before bid submission. Due to fatigue of the community to engage with business around development issues, the trustee selection process was difficult and eventually the major instructed the local councillors to serve on the trust. The project company and funders are also represented on the board with equal voting rights amongst everyone.

##### **Construction**

During construction time, small projects were funded which the community identified itself and communicated through the CLO to the MD. At a later stage, a proposal

process was established. The submitted proposals are still a resource the IPP/SPV is planning to work with when making future funding decisions.

#### **Operation (20 years)**

The MD of the IPP/SPV is dealing with the ED commitments. The IPP/SPV contracted a consultant to implement an ED programme.

An NPO is in charge of the SED implementation. The NPO is lead through an international organisation, which is associated with the IPP/SPV.

The IPP/SPV expects that further governance and implementation arrangements between the various entities involved and funds allocated to SED, ED and LO will develop.

#### Summary of case study CS9

##### **Bid preparation and submission**

- SED plan was written by the wife of one of the professionals on the developer team. She is experienced in education and it was a budget decision as well.

##### **Construction**

A community trust was established with a board consisting of four community representatives and one representative of the IPP/SPV. The community members are all from the same village, even though the trust is said to benefit a total of five villages. The trust received some payments from the EPC, but that money has not been spent as yet.

##### **Operation (20 years)**

The IPP/SPV is dealing with ED commitments, while SED and LO are paid into the trust.

#### Summary of case study CS10

##### **Bid preparation and submission**

- The project committed 1% towards SED and 8% of the shareholding towards local ownership. The SED plan was developed in-house with support of consultants. The

<p>plan identified preliminary development priorities, being education and health.</p> <ul style="list-style-type: none"> <li>- A 'shadow' community trust was established before bid submission with trustees being company representatives.</li> <li>- The EIA process was conducted by a service provider from another province and its implications in terms of expectations raised among local residents impact the projects work to date.</li> </ul>
<p style="text-align: center;"><b>Construction</b></p> <p>One small project was funded by the EPC of the project during construction time. The project disseminated warm clothing to members in need of the local community.</p>
<p style="text-align: center;"><b>Operation (20 years)</b></p> <ul style="list-style-type: none"> <li>- A SP is contracted to make investment decisions related to the committed SED funding. The SP assessed the needs of the local area and consulted residents and local government in this process. A 4-year strategy was developed promising quick wins. This is important for the company in order to satisfy expectations created during earlier engagements around the project like for example in the EIA process.</li> <li>- The transfer of SED funds to the SP results in compliance on the IPP/SPV side. Therefore, the SP is flexible to invest resources as and when found most suitable instead of having to follow a quarterly investment schedule as prescribed by the REIPPP rules. The company perceives this as advantageous for the developmental impact the spending will show.</li> <li>- The community trust, while established, is still staffed internally as the company is still engaged in negotiations with the funders about conditions related to possible refinancing. The company envisages the trust continuing the SED work beyond the 20 years of the project by developing community intern expertise to invest and manage the funds sustainably.</li> </ul>

#### Summary of Case study CS11

<p style="text-align: center;"><b>Bid preparation and submission</b></p> <ul style="list-style-type: none"> <li>- The bid and subsequent presentations indicate that the project will establish a community company that will manage community benefits to one specific beneficiary community over the lifetime of the project. The community company owns 5% of the</li> </ul>
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IPP/SPV and is going to benefit from SED and ED funding (EnergyBlog).
<p style="text-align: center;"><b>Operation (20 years)</b></p> <p>- Community company contracted another NPO to implement home improvement programme in the community. Future expansion is planned.</p>

<u>Summary of case study CS12</u>
<p style="text-align: center;"><b>Bid preparation and submission</b></p> <p>- <b>The project's SED plan</b> was written by a CSR consulting company. The same company was initially earmarked to deal with SED and ED for the duration of the project.</p> <p>- A second SP was tasked with establishing and operating the community trust. The trust holds 5% of shares and its board members include one representative of the IPP/SPV, (three) professionals with various skills/expertise. The community is thought to be included by an additional trustee at a later point in the project.</p>
<p style="text-align: center;"><b>Construction</b></p> <p>The IPP/SPV funded goodwill projects during this time.</p>
<p style="text-align: center;"><b>Operation (20 years)</b></p> <p style="text-align: center;"><b>Trust</b></p> <p>- Shortly after grid-connection, one trustee resigned from the board of the community trust. The reason given was ineffective communication of the IPP/SPV on matters relating to the work of the trust and local community. A second trustee is silent and perceived to have passively resigned as well. The resigned trustee describes the relationship with the IPP/SPV as very collaborative during project development and construction time. Subsequently, interest was lost and communication increasingly difficult until it broke down completely. This view is supported by industry members seeking contact for potential collaboration as well as the local community members involved in the engagement process with the project as well.</p> <p style="text-align: center;"><b>Ongoing engagement and development efforts</b></p> <p>- As alternative communication partner for the community at least, a service provider is present in the area and entertains efforts to engage with local residents around a community-driven development process. This SP established a profile of the community through various meetings, document review and consultation. The local</p>

government was not consulted in this process.

- The SP is contracted to govern and implement the funds derived through SED and ED commitments. An NPO was registered and the funds transferred from the IPP/SPV to the SP and from there to the NPO's bank accounts. The SP undertakes monitoring over and above the REIPPPP required monitoring and the additional material is regularly submitted to the IPP-unit.
- The SP's approach is bottom-up, focusing on building the relationship and trust with all four benefitting communities. Existing leadership structures guide the engagement in terms of timing and extent of consultation efforts. Prior promises made during the project development phase to local residents were not realised. Since the REIPPPP prescribes certain structures [SED, ED and LO requirements and contractual obligations to meet them timeously, etc.], the SP suggests that it is crucial to develop locally owned structures to govern the incoming funds.

#### Recommendations from respondents

This list presents a collection of recommendations made that have educational value.

##### **For communities**

- Negotiate with proposing renewable energy developers, when they present at public meetings, that before community support for the project is signed the developer has to prove good intentions by implementing community projects first (CS6\_COM\_2014).
- Document verbal agreements in writing and let all parties' present sign. This is particularly advisable when dealing with corporate promises (CS6\_COM\_2014).
- Communities have to develop capacity internally to plan and implement change. Tools are available to assist with this, including the community capacity enhancement tool, for example. This tool places emphasis on the experiences and changes important to the community itself, supporting also the development of a respectful relationship between researcher and or company and community (EXT IND\_2014).

##### **For support(ing) organisations**

- An ombudsman function could provide the much-needed address for directing complaints. As with the insurance and banking sectors, in cases of dissatisfaction with a particular individual or organisation, complaints can be lodged with an ombudsman. This would be an excellent institution to have for the REIPPPP (LG-1-2014). An independent entity should be in charge of raising awareness about the programme and its implications for communities. Community trusts should be established independently from the companies as well, to prevent vested interests and biased decision-making from influencing the process (LG\_1\_2014).
- Another body, a regulatory body similar to a lobby group, should be instituted to afford communities the opportunity to raise their concerns and questions. Transgressions need to be acted on and corporate promises closely monitored by an independent entity. Communities require support to build appropriate capacity to engage with the opportunities that are arriving with private sector funding. This body could assist in providing such support as well (LG\_1\_2014).

#### **For local government**

Disclosure agreements between IPPs, and local and national government could provide the necessary protection and basis for the sharing of information about the community benefits (despite the REIPPPP built-in NDA between IPPs and the DoE) (LG\_3\_2014).

- Government and developers need to partner in order to plan effective SED and ED measures. The existing development plans and strategies have to be taken into account and the entire 20-year project lifespan; the decommissioning of the IPP should be considered (PROV GOV\_2014).
- Opportunities for sharing and exchange of experience need to be created to support local government's learning and capacity (LG\_1\_2014).

#### **For the IPP-unit/ national government**

- The REIPPPP is restrictive as the rules are currently outlined; the projects are hardly fundable. It would be beneficial for the programme if the IPP-unit were to welcome and invite for comments and feedback from the industry. They could for example establish a working group or similar formal engagement process (CS8\_IPP\_2015).

- Municipalities require additional support to get up to speed with developments in energy technology and policy. The municipality is exposed to risk in the process of making decisions concerning zoning, for example, but lacks the capacity to ensure such decisions are well informed and correct. Capacity within the municipality should also be strengthened to ensure that the new energy projects have a positive impact on revenue generation for municipalities (LG\_1\_2014).

### **For companies**

- Project developers are best advised to make a concerted effort to include LED representatives when consulting with local government. One suggestion is to invite all directors to a first engagement. That would guarantee that everyone is kept informed (LG\_2\_2014).
- Community investments require time to grow and perfect themselves. Companies should start with small projects and provide for enough time to sort out teething problems. Grow these projects from the bottom-up to ensure sustainability (DEV AGE\_2014).
- The community's benefits should be invested to support the moral regeneration of the country. Churches and various not-for-profit organisations offer such courses already and their impact is convincing. The courses should ideally be incorporated into a comprehensive strategy that works with people from a young age (DEV AGE\_2014).
- Staff tasked with community liaison should be knowledgeable enough to understand the dynamics of a community. The communication and general engagement strategy chosen for a particular community has to be adapted to these dynamics (CS2\_CLO/ED\_2014).
- Professional journaling is a great way to keep a record of discussions and thoughts. Personal and professional learning will become clearer while documenting your work (EXT IND\_2014).
- Make an effort to link projects to existing markets and don't limit your contribution to charity. If you decide to work with food gardens make sure you think about possible markets for the harvest, for example (EXT IND\_2014).
- Visibility, stakeholder engagement and improved, frequent communication should be the focus of new projects. Community ownership requires a good relationship between the community and the company (CS7\_IPP\_2014) as well as access to full information about the project's commitments (EXT IND\_2014).

- Communities are subjected to many research processes and surveys. The researchers share findings very seldom and even more rare are actual implementation efforts following, for example, needs assessments. This leaves communities with mistrust, which can only be overcome by proving to be different – feeding results back, being a reliable conversation partner and implementing promises (EXT IND-2014, CS3\_CLO/ED\_2014).
- The beneficiaries of a trust (or other community benefit efforts) should be very clearly defined to prevent confusion and conflict. In the case of workers' trusts, such is easier than with the REIPPPP's community trusts, but is equally important (PROV GOV\_2014).
- Company representatives working in the community should be respected. A prerequisite for that is a good understanding of the culture and language prevailing in the area, a genuine interest and care for the community, while communicating with absolute honesty (EXT IND\_2014, CS3\_CLO/ED\_2014).

Local industries and economic activities determine the possible contribution that additional corporate development funding can make. Investment decisions should be guided by these (DEV AGE\_2014).

- Provide adequate support and mentoring to the individuals and organisations community investments that benefit directly. Monitoring and evaluation of the funding impact, also on the funded organisations, is important to support positive developmental benefits (CS1\_COM\_1\_2014).